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PROPOSED FISCAL YEAR 1988 BUDGET REQUEST
(Department of the Interior)

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE-HUNDREDTH CONGRESS

FIRST SESSION

TO REVIEW THE PRESIDENT'S PROPOSED BUDGET FOR FISCAL YEAR 1988 IN CONNECTION WITH THE PREPARATION OF THE FEBRUARY 25 REPORT TO THE SENATE BUDGET COMMITTEE

JANUARY 29, 1987

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PROPOSED FISCAL YEAR 1988 BUDGET REQUEST

(Department of the Interior)

THURSDAY, JANUARY 29, 1987

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9:38 a.m., in room SD-366, Dirksen Senate Office Building, Hon. J. Bennett Johnston, chairman, presiding.

OPENING STATEMENT OF HON. J. BENNETT JOHNSTON, A U.S. SENATOR FROM THE STATE OF LOUISIANA

The CHAIRMAN. We are pleased this morning to welcome our good friend Donald Hodel, Secretary of the Interior, who will discuss his budget this morning and other priorities of the Department.

Senator McClure, do you have any opening remarks?

STATEMENT OF HON. JAMES A. McCLURE, A U.S. SENATOR FROM THE STATE OF IDAHO

Senator MCCLURE. Yes, Mr. Chairman, just very briefly. For the last 6 years the Committee and the Congress has been faced with difficult choices in our efforts to streamline and make the Federal Government more efficient.

As I observed last year, since we began this process in 1981, funding for programs within the Committee's jurisdiction have decreased dramatically. I thus am encouraged that the Administration's proposed budget for fiscal year 1988 is approximately the same as for fiscal year 1987. That may signal a recognition that the major gains that have been achieved are the major gains that we will achieve and that there are fewer options available to us in 1988 than there were in 1981.

Nevertheless, I remain concerned about the future viability of U.S. energy and natural resources. At stake is not only U.S. economic viability, but the daily lives and livelihoods of current and future Americans.

The Department of the Interior has a special role as the steward of our Nation's natural resources. As Secretary Hodel appreciates, the last 6 years of budgetary restraint have presented a seemingly unending series of difficult choices.

On its surface, the Administration's proposed fiscal year 1988 budget appears to approach current service's budget. Unfortunately, behind the figures lie many of the same proposals that the Congress has rejected in the past, such as those regarding the treatment of mineral receipts.

In addition, the Administration has proposed several new initiatives that will require careful scrutiny; for example, proposed changes in the Bureau of Reclamation programs and the proposed sale of Federal helium reserves and facilities.

From the perspective of the ranking member on both the Energy and Natural Resources Committee and the Interior and Related Agencies Appropriations Subcommittee, I also will be taking a close look at the implications of requiring programs to absorb the budgetary impact of the new Federal Employee Retirement Act.

We all have different ideas on which programs of the Department should be emphasized.

I believe I can support the aggregate level of funding as proposed by the Administration. However, as in the past, I may differ on them as to the allocation among the specific programs and accounts.

Mr. Chairman, as we proceed with the current budget debate, I am sure that my concerns as well as the priorities of the Committee and the Congress will quickly become evident.

I look forward to working with the Secretary and with you, Mr. Chairman, as we resolve these issues that are presented to us.

The CHAIRMAN. Do other Senators wish to make any comment?

[No response.]

The CHAIRMAN. Secretary Hodel, welcome.

STATEMENT OF HON. DONALD PAUL HODEL, SECRETARY OF THE INTERIOR

Secretary HODEL. I have a prepared statement which, with your permission, I would like to submit for the record.

The CHAIRMAN. Without objection.

Secretary HODEL. That statement contains more detail about the budget of the Department of the Interior than I fear I will ever know, but I would like to review just quickly some of what I think are important features in that budget.

First of all, as Senator McClure has said, the budget authority request is essentially the same level as last year. Our basic approach again for this year in the preparation of the budget proposal was to try to maintain the operational levels of the Department of the Interior. Being faced with some difficult budget choices between capital construction of land acquisition, on the one hand, or operational integrity on the other, we have chosen to try to maintain that operation integrity.

That, of course, means that this budget contains some very difficult proposals with regard to where some of the cuts on other activities should be taken. Let me say that I recognize and recognized when the budget was being put together, that some of these proposals would be matters of concern to this Committee and to the Congress.

It was only in light of the urgency of the situation that I concluded that this was the appropriate budget to recommend, recognizing that as always the Congress will work its will. In fact, one of the initial matters that I need to mention is that we have made proposals for significant rescissions in the 1987 budget level that was approved by the Congress. The rationale for the budget rescission proposal was to propose rescissions of moneys that were added to the Administration's budget proposal last year, less the amounts that are already committed in this fiscal year and amounts needed for pay increases. But, across the board, we have proposed rescissions of a magnitude that also fits with our proposed level of funding for 1988. We think there is a consistency between the two which is served by recommending those rescissions to the Congress.

We also, let me emphasize, recognize that this requires congressional action; otherwise we are not permitted not to spend those funds as appropriated.

This budget assumes that there will be some authorizing legislation adopted by the Congress in 1988. One such matter will be the National Park Service entrance fee proposal which this year is enacted as a 1-year proposition. We will be presenting to the Congress recommendations for legislation in 1988.

With regard to the sale of the helium assets, I need to mention that it is not our proposal that the helium reserves be sold, but that the helium stripping and producing facilities would be offered for sale to the private sector with some anticipated return to the Federal Government and operation thereafter in the hands of the private sector.

We also are in the process of reviewing the Bureau of Land Management Forest Service Interchange legislation which has previously been submitted to the Congress. It has not had notable progress, but we do feel that we should again review it with the possibility of submitting that legislation to the Congress.

There are a couple of budget initiatives which are very significant in my estimation. One is with regard to the Bureau of Reclamation. We find that for years what we have been doing with the Bureau of Reclamation is dribbling a little bit of money over all 60 some projects under construction, and if you look at the record essentially nothing ever gets finished. We spend just enough money to keep people there, but do not pour enough concrete to bring progress to the project, eventually causing water to flow to those lands which are to be benefitted.

We took a look and concluded that what we ought to try to do is reallocate that expenditure in such a way as to bring to completion those projects nearest to completion now. If you look at the outyear budgets, what you see is that the effect of that will be to begin to free up very significant sums of money beginning in 1989, which in turn can be allocated to the next projects closest to completion. By continuing on through the list in this manner, there is some reasonable belief that the Bureau of Reclamation projects will in fact be completed.

I know that that is going to be a very, very serious problem in some localities where the expenditure of the funds annually is more important than ever completing the project. But I think it is an important proposal. I think it is right. And I would hope to be

able to work with the Committee to achieve as much of that proposal as is possible.

The classic example of a project that has gone on and on and on is the Central Utah project. The project was approved for construction 18 years ago. It has been under construction for 18 years. I asked the Bureau, "When would it have been finished with optimal funding?" The answer is "Several years ago." Then I asked, "When will it be finished if we commence optimal funding now?" The answer is "1995". That will be 25 years of expenditures. We are talking about a project of over a billion dollars approximately by the time it is finished.

When will it be finished if we continue funding the Central Utah Project as we have been funding it? The answer is "Never" or "Nobody knows." It is not a realistic or reasonable approach, and I am aware of the problems that are created by suggesting reallocation of funds I just urgently say to the Members of the Congress—and I know many are affected by this—that I hope that we can work out some means of moving in this direction. I think it is a rational and responsible way to proceed.

Although not within your Committee's jurisdiction, I know that there are some issues within the Bureau of Indian Affairs that have for all of us been areas of grave concern for a long time. We recognize that the performance, particularly of our educational system, has not been adequate. Some 40,000 Indian children, 11 percent of all Indian children, are in Bureau of Indian Affairs schools. Statistically, the tests show that in too many cases, those students graduate from the twelfth grade with an eighth grade level of ability. In many cases, Indian children in comparable schools elsewhere are graduating with twelfth grade high school level education.

We are spending more money than the average school to educate those children and getting a poorer product. That is not tolerable.

Assistant Secretary Ross Swimmer who is, as you know, the immediate past principal Chief of the Cherokees, has come up with a proposal which he hopes, working cooperatively in conjunction with the tribes in a couple of States on a preliminary trial basis, may in fact hold some promise for breaking us out of this kind of situation.

This is not a budget-driven proposal. In fact, we have proposed to increase the funding in several of these areas in order to improve the opportunity for success. But this is an area in which there will again be considerable controversy because there always are people who want no change from the status quo, and I think the status quo has been proven to be unsatisfactory, and something needs to be tried.

Again, we look forward to working with the Members of this Committee who have a particular interest in Indian issues, recognizing that the Select Committee on Indian Affairs has direct jurisdiction over these matters.

There are two other difficult proposals in this budget, Mr. Chairman, which Members of this Committee are acutely aware of and have in the past expressed themselves on very clearly.

The first one is the net revenue sharing proposal which Senator McClure mentioned in his statement. We presently collect signifi-

cant revenues from Federally managed oil and gas lands in the West. The way in which the money is distributed is that half of the money collected goes to the States. The other half goes to the Federal Government and from that half we pay the cost of collection and the cost of administration.

This proposal suggests that before the payment is made to the States, the cost of collection and the cost of administration should be taken out of the receipts and that we subsequently distribute the net revenues from those activities.

I believe it is a reasonable proposal. It is one which will be resisted strongly by State governments who are also feeling financial pinches and do not wish to see any reduction in their revenue, but I think from the stewardship standpoint, as a representative of the Federal Government, this is an appropriate proposal and one which I can defend.

The next proposal is that we request in the budget to have $25 million that is collected under the Wallop-Breaux-Dingell-Johnson Fund made available for the operating account of the Fish and Wildlife Service.

I can give you the history. In 1985 the Congress passed an amendment called the Wallop-Breaux Amendment which provided for significant additional revenues to be put into the Dingell-Johnson Fund for distribution to the States.

Prior to that time, the maximum figure, I believe, was $38 million. In 1986, there was more than a 200 percent increase in that Fund. It went to $122 million. In 1987 we anticipate it will go to $141 million and in 1988 it would go to $174 million.

What we are suggesting is in order to maintain the operating integrity of the Fish and Wildlife Service at a level we think is essential, that $25 million of that money be transferred to the Fish and Wildlife Service operating account, which would still mean that the level of funding for the Dingell-Johnson account would be $149 million or an $8 million increase over the anticipated 1987 level. So it would not in fact be a cutback, but it would be a reduction in the amount that would otherwise be received.

Again, I know that this will engender considerable concern and opposition from the constituencies which are looking forward to the expenditure of those funds.

With that, Mr. Chairman, I think probably I should stop talking and try to be responsive to your questions.

[The prepared statement of Secretary Hodel follows:]

STATEMENT OF DONALD PAUL HODEL, SECRETARY OF THE INTERIOR
BEFORE THE
SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

FY 1988 BUDGET

JANUARY 29, 1987

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today in support of the President's FY 1988 budget for the Department of the Interior.

The mission of the Department of the Interior is carried out within the budgetary framework proposed annually to the Congress by the President and the Secretary of the Interior. The measures in this budget reflect the Department's continuing commitment to ensure that the Nation's public lands and natural resources are wisely used and protected for the economic and environmental well-being of the Nation and that essential services to the public are maintained. The Department's 1988 budget is consistent with the President's efforts to reduce the Federal deficit in accordance with the Gramm-Rudman-Hollings Deficit Reduction Act while maintaining the integrity of essential operating programs and the priorities of this Administration.

FY 1988 Budget Totals

The 1988 Interior Department budget totals $6.3 billion in budget authority, a decrease of $1 million from the current 1987 estimate. Outlays in 1988 are estimated to be $6.3 billion, a $660 million reduction below the 1987 estimate of $6.9 billion.

Total receipts resulting from activities of the Department are estimated to be $6.5 billion in 1988, $325 million below the current estimate for 1987. Of the $6.5 billion in 1988 receipts, $1.9 billion offsets the total budget authority request ($6.3 billion), resulting in net budget authority of $4.4 billion.

Excluding the Bureau of Indian Affairs budget, which is considered by the Select Committee on Indian Affairs, and the budgets for the Fish and Wildlife Service and John F. Kennedy Center, which are under the jurisdiction of the Environment and Public Works Committee, the FY 1988 request for programs under the jurisdiction of this Committee is $4.265 billion, a reduction of $7 million from the 1987 estimate of $4.272 billion.

The 1988 budget for the Department of the Interior provides sufficient funding to meet the Department's many and varied operating priorities, while contributing to reduction of the deficit. Together with the other components of the President's budget, the Department's requested budget of $6.346 billion will achieve the 1988 deficit target established by P.L. 99-177, the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act. To meet the target, the budget also proposes net reductions (including rescission proposals partially offset by supplemental requests) of $280 million below the 1987 enacted level.

Authorizing Legislation Required

Included in the FY 1988 budget are several items which require passage of authorizing legislation by the Congress. Our highest priority in this area is legislation that would provide permanent authority for an expanded entrance fee program for the National Park Service.

Legislation will also be proposed for the Bureau of Land Management-Forest Service interchange and for payment of interest on refunds by the Minerals Management Service. In addition, authorizing legislation is required for sharing net receipts from onshore mineral leasing and O&C grant lands and to forgive the debt to the Treasury related to the acquisition of the assets of the Bureau of Mines helium program.

I would now like to discuss three significant proposals in the Department's budget which emphasize efficient use of available resources to meet major Departmental objectives.

Bureau of Reclamation

The budget requests new funding of $700.2 million for Bureau of Reclamation construction projects, an increase of $98 million over the 1987 estimate. The increase is required to finance features of projects in which the Federal government has a major commitment. Increased funding is also provided to meet increased pay and retirement costs. At the same time, the request reflects a major new policy shift aimed at completing construction projects substantially underway while postponing or constraining funds for projects in the earlier stages of construction. Historically, numerous projects have competed for limited funds, thus stretching out completion dates on many of them. In order to help achieve the Gramm-Rudman-Hollings deficit elimination goal by 1991, the Bureau's budget will remain restrained in future years. Such restraints will not permit funding levels sufficient to keep all projects on the most efficient schedules. Rather than uniformly reduce the funding for all projects or terminate projects in which there have already been a substantial Federal financial investment, the Bureau has reviewed its entire construction program to identify those projects or features of projects that can be brought to completion more expeditiously. In 1988, the Bureau is proposing to concentrate its resources to expedite construction of certain projects while decreasing or postponing funding for others. As work is completed on an expedited basis, the Bureau plans to return in the future to projects that have been curtailed earlier.

As a result of this effort, the Bureau will be able to complete more projects or major features than would have been possible if available funding had been distributed to all projects, regardless of their relative stage of completion.

Within this framework, projected Central Arizona Project (CAP) funding for 1989-1992 is adequate to meet construction schedules established in the cost sharing agreement for Plan 6 agreed to by the Secretary. In addition, projected Central Utah Project (CUP) funding for 1989-1992 is sufficient to maintain the CUP on schedule.

The budget proposes $11.6 million for the General Investigations Program (planning and research), a decrease of $17.8 million from the 1987 appropriation, in order to begin reducing the number of water projects competing for limited construction funding. The Department does not wish to compound existing construction project funding difficulties by planning for additional projects which would then compete for limited resources.

In order to effectively carry out the new direction for the Construction and General Investigations programs in FY 1988, it will be necessary to initiate an orderly restructuring of some planning and construction projects beginning in FY 1987. Depending on the project involved, it may be necessary in FY 1987 to proceed to complete the next logical unit, feature, or plan or to withdraw staff and resources expeditiously to have the program dovetail with proposed requirements in FY 1988. With regard to non-construction activities, it will be necessary to eliminate some studies and research in order to have sufficient funding to meet termination and relocation costs. The Bureau is currently developing a plan for the orderly restructuring of its FY 1987 program as the basis for carrying out the FY 1988 proposals and will provide that plan to the Congress as soon as it is available.

The request for the Bureau's Loan Program in 1988 is $28.8 million, a decrease of $8.7 million from the current 1987 estimate. The budget request for loans has been decreased to provide additional resources for projects substantially underway in the Construction Program. The Administration also proposes to sell the existing loan portfolio of this program as part of its government-wide asset sales initiative Revenue from this sale, estimated to be $154 million, will help meet the 1988 deficit reduction target.

Incentives for American Indians

Although the Bureau Indian Affairs (BIA) is not within the jurisdiction of the Committee, I would like to discuss for your information several changes proposed in the 1988 budget for BIA programs to provide incentives and opportunities for the self-improvement of Indians. The budget includes initiatives in the areas of education, economic development, welfare reform, jobs and training, and self-sufficiency for small tribes.

During 1988 the BIA will begin a concerted effort to gradually turn over operation of all remaining Federal Indian schools to tribal or local public school systems in order to localize decisions and policies. The Bureau intends to retain oversight of the academic progress of these students, and to ensure that they have the opportunity to follow their cultural traditions. The Bureau is now looking at multiple options which include contracting with tribes or States, cooperative efforts among public, tribal and Federal schools, and possibly voucher systems in certain situations. All of these options will be explored for the remaining BIA-funded schools, whose students comprise about 10 percent of all Indian students.

The Bureau, through its on-going programs, will emphasize economic development by encouraging investment opportunities and job creation. However, for economic development to occur on Indian reservations, there must be a skilled and motivated workforce. To this end, the Bureau proposes to implement in 1988 a nation-wide program aimed at enabling Indian individuals to achieve sustained and meaningful work, financial advancement and skill development while, at the same time, meeting many of their welfare needs. It is proposed to coordinate operation of the Housing Improvement, General Assistance, and Employment Assistance programs without fundamentally altering the present mission of any of the programs by redirecting them in a manner that encourages and enables self-assistance by Indian individuals. This proposed initiative will also accommodate tribal government efforts to benefit from their reservation workforce.

Finally the Bureau is proposing an initiative to provide tribes additional means by which to augment self-determination. One effort will provide eligible small tribes with greater financial support to improve basic governmental functions. The second effort will provide specialized technical assistance to

tribes whose continued existence as governments is threatened by critical conditions of indebtedness and related financial management problems. These efforts are intended to enable tribes to achieve and maintain self-sufficiency.

Sharing of Net Receipts with States and Counties

The budget proposes that, beginning in 1988, the Federal costs of managing and administering onshore mineral leasing be deducted from total revenues and that receipts shared with the states be based on the resulting net amount. Currently, state shares (50 percent for all states except Alaska) are computed on a gross basis without taking account of the costs of obtaining and distributing these receipts, which are now borne entirely by the Federal government.

Under this proposal, which requires legislative approval, revenues from the onshore minerals program will provide the states with $390.2 million in 1988. This will be a decrease of $55.0 million from the amount that the states would receive under current law.

Net receipts sharing is also proposed to be applied to timber receipts from the former Oregon and California (O&C) Railroad grant lands. Net receipts sharing will reduce estimated 1988 payments to the O&C counties in Oregon from $71.4 million to $42.9 million, a reduction of $28.5 million.

Other Significant Budget Proposals

Aside from the preceding proposals, the main thrust of the 1987 budget is to maintain operating levels of essential programs. The following is a discussion of other significant items in the budget, both increases and decreases from the 1987 estimate.

National Park Service Recreation Fees

The 1987 Interior and Related Agencies Appropriations Act authorized the Secretary to establish and increase entrance fees to most units of the System for a one year period. This action temporarily eliminated a freeze on entrance fees enacted in 1979 and permitted the first fee increases since 1972. For 1988, the Administration is proposing legislation that would provide permanent authority for an expanded entrance fee program.

Proposed changes from the 1987 entrance fee program include: authorizing the National Park Service to retain all recreation fees collected to supplement appropriations for operations and other programs; increasing the price of the Golden Eagle Passport from $25 to $40; raising the maximum single visit entrance fee from $5 to $10 per vehicle; and establishing a lifetime fee of $10 for the Golden Age Passport.

Under the proposed program, receipts from entrance and user fees are estimated to increase from $52.8 million in 1987 to $74.3 million in 1988. Total funding for Operation of the National Park System would increase $31.4 million from the 1987 current estimate to $714.8 million in 1988, the highest funding level ever for this account.

Sale of Federal Helium Operations

The 1988 budget proposes to sell to private industry all Bureau of Mines helium facilities and assets except the helium inventory, which will be retained for Federal agency use.

For many years, there was no domestic helium industry in the United States, and the Bureau of Mines operated facilities to supply the Federal government's needs for this lightweight gas. Now, however, there is a sizable domestic helium industry that has the capability to supply Federal as well as private requirements. Because the Bureau's helium activity has always been operated as a quasi-commercial enterprise and because these functions are not inherently governmental, the helium program represents an asset of the Federal government that can be operated by the private sector, which can manage such activities profitably and efficiently.

Under the 1988 budget proposal, the Federal government will sell to the successful private sector bidder the helium refining and distribution facilities currently owned by the government. The operator will then provide for Federal agency helium needs by withdrawing Federally owned helium from existing reserves. All revenues from the sale of the helium assets, estimated to be $50 million, and any future revenues will go to the General Fund of the Treasury.

The Department will propose legislation providing that the existing debt to the Treasury, approximately $1 billion which originally financed the acquisition of the helium reserve, plant, and equipment, be forgiven. The Bureau of Mines will continue to conduct helium resource assessment activities under its Mineral Data Analysis Program.

Funding for Pay Raise and Retirement Costs

The budget requests a total of $65.8 million for 1988 costs related to the January 1987 Federal pay raise of 3 percent. The 1987 costs of $47.8 million will be absorbed in most accounts within existing appropriations. As needed, reprogramming proposals to this effect will be submitted to the Congressional appropriations committees.

The budget also includes $124.9 million for the 1988 costs of the new Federal Employee Retirement System authorized by P.L. 99-335. The Department used standard assumptions which were applied throughout the government on the numbers of employees who will participate in the new system. The 1987 costs, estimated at $34.0 million, will be absorbed in the same manner as pay raise costs.

Land Acquisition

Except for $37.6 million of wetlands acquisitions financed from the Migratory Bird Conservation Account, the budget limits to $17.6 million the request for new appropriations for land acquisition in 1988. This is consistent with past Administration policy and addresses overall deficit reduction goals. The budget seeks $16.0 million for the National Park Service to fund administration of prior year recreation grants and to pay for emergency and hardship acquisitions, anticipated deficiency court awards, and administrative expenses.

The budget also requests that $1.6 million be appropriated to fund administration of on-going Fish and Wildlife Service acquisitions. This request will be supplemented, however, by $37.6 million in receipts for wetlands acquisition.

The $17.6 million 1988 land acquisition request is a reduction of $118.2 million compared to the 1987 appropriation. It will be a reduction of $24.4 million from the current 1987 estimate, which reflects rescissions which will be discussed later. Because a large number of acquisitions have been funded over the past five years, the Department believes that land acquisition expenditures can be deferred without impairing the primary missions of the the National Park Service and the Fish and Wildlife Service. From 1982 through 1986, the National Park Service spent over $448 million to acquire 146,000 acres of park land. The Fish and Wildlife Service, during the same period, acquired 305,332 acres of refuge lands and 176,303 acres of migratory bird habitat at a cost of $303 million derived from the Land and Water Conservation Fund and the Migratory Bird Conservation account. During 1987, $42.0 million in new appropriations from the Land and Water Conservation Fund and $33.5 million in Migratory Bird Conservation funds will be available for land acquisition.

Other Construction

The Department has invested over $1.5 billion in non-Reclamation construction since FY 1982. Given this large investment and the need to meet deficit reduction goals, the 1988 request for construction programs, other than those in the Bureau of Reclamation, is $105.7 million, a reduction of $5.2 million from the current estimate which reflects proposed rescissions of $106.6 million to be discussed later. The 1988 request is $111.8 million less than the 1987 appropriations level.

Construction funding for the National Park Service will increase $1.9 million over the current 1987 estimate to $31.0 million in 1988. The 1988 amount will fund 11 projects in 10 parks, all of which will address health, safety or resource protection objectives.

Bureau of Indian Affairs construction funding of $57.9 million in 1988 is a $7.9 million reduction from the 1987 estimate of $65.8 million. The emphasis in BIA construction in 1988 will be on improvements and repairs to existing schools, repair of existing Indian housing, and rehabilitation of hazardous dams.

The Fish and Wildlife Service construction program increases by $5.4 million over the 1987 estimate, which reflects a proposed rescission of $23.2 million.

Construction in the territories will decrease by $4.6 million from the 1987 estimate.

Territories

Continued phase-down of the Trust Territory government in light of the implementation of the Compact of Free Association is reflected in the 1988 budget estimate for Territorial and International Affairs. Implementation of the Compact of Free Association for the Republic of the Marshall Islands and the Federated States of Micronesia (FSM) began during 1987. The budget includes $27.9 million for continuation of certain mandated Federal programs and services for the FSM and Marshall Islands. This represents an increase of $25.7 million from the 1987 current estimate for these programs and services. All other

Compact funding was permanently appropriated in 1986. In 1988 permanently appropriated funds for the Compact will increase by $42.2 million, from $74.1 million in 1987 to $116.4 million. Funding for the Republic of Palau of $10.8 million continues under the auspices of the Trust Territory of the Pacific Islands until such time as the Compact of Free Association for Palau is approved by the required 75 percent majority of Palau voters.

The 1988 budget proposes a $13.8 million decrease for the Administration of Territories appropriation. This decrease will be accomplished through reduced construction grants to Guam, the Virgin Islands, and American Samoa, and through reduced operations and covenant grants to American Samoa and the Northern Mariana Islands. The budget proposal will allow for funding of essential projects and services while continuing the Administration's policy of encouraging private sector development and greater local economic self-sufficiency.

Receipts

Fiscal year 1988 Interior receipts are expected to total $6.5 billion, a decrease of $0.3 billion compared to 1987. This estimated decrease occurs primarily because of an assumed reduction of $1 billion in principal and interest released from Outer Continental Shelf (OCS) escrow accounts from 1987 to 1988. About $2.2 billion has been released from escrow in 1987 for leases off the coast of Louisiana under the settlement enacted in the 1986 Budget Reconciliation Act. The escrow release estimated for 1988 assumes a favorable Supreme Court decision on the location of the Federal/state boundary off the coast of Alaska permitting the release of the Section 7 escrow funds ($1.2 billion including interest).

Interior receipts from most other sources are expected to increase from 1987 to 1988. Estimated receipts from OCS rents and bonuses and royalties are expected to be $3.1 billion, an increase of $0.5 billion over the current estimate for 1987. OCS bonus estimates are based on the proposed five-year leasing schedule, with two California sales now scheduled for 1989.

Onshore mineral leasing revenues are projected to be $1.1 billion or $0.1 billion more than the 1987 estimate. All other offsetting receipts are estimated at $0.9 billion in 1988, or about $0.1 billion more than 1987; and all other non-offsetting receipts are projected at $0.3 billion, about the same as 1987.

Changes to 1987 Appropriations

The 1988 budget proposes changes to 1987 appropriations including supplementals of $23.0 million, transfers of $6.9 million, and rescissions of $302.7 million, which include $269.5 million from 1987 budget authority, $3.2 million from prior year unobligated balances and $30.0 million from contract authority.

Fire Suppression and Other Emergency Supplementals

Under existing authority the Department transferred $16.4 million during 1986 from various accounts to help finance fire fighting and rehabilitation in the National Park Service (NPS) and Fish and Wildlife Service (FWS), and emergency equipment in the Geological Survey (GS). The budget proposes to reimburse these costs through 1987 supplemental appropriations of $13.0 million for NPS, $2.8 million for FWS, and $0.6 million for the GS. Bureau of Land Management and Bureau of Indian Affairs 1986 firefighting costs were funded in the 1987 appropriations act in the amounts of $83.0 million and $25.0 million, respectively.

Kesterson Cleanup

The budget proposes a $5.6 million supplemental to initiate Kesterson Reservoir and San Luis Drain cleanup activities by the Bureau of Reclamation. These costs will be financed by a transfer of $5.6 million in unobligated balances from the Bureau's Loan Program.

Other Supplementals

Other supplemental appropriations requested for 1987 are $2.0 million within the Geological Survey for the development of the Financial Integration Review for Management (FIRM) accounting system which has applicability throughout the Department and $4.6 million for the U.S. Park Police to provide for increased security, additional uniformed officers, and improved facilities and equipment.

In addition, transfers are proposed in the Bureau of Land Management ($36 thousand) and the Office of Surface Mining ($1.3 million) to cover increased pay and retirement costs.

Land Acquisition Rescissions

As discussed previously, 1987 budget authority for land acquisition in the amount of $94.0 million is proposed to be rescinded in order to assist in meeting deficit reduction targets in 1988 and beyond. The amounts by bureau are: National Park Service (NPS), $64.5 million; Fish and Wildlife Service, $26.8 million; and Bureau of Land Management, $2.7 million. Additional rescissions in NPS include $3.2 million in NPS prior year unobligated balances and $30 million in land acquisition contract authority provided by the Land and Water Conservation Fund Act.

Construction Rescissions

The budget also proposes rescissions of $106.6 million in 1987 budget authority for construction. These rescissions will also assist in deficit reduction. The amounts by bureau are: Bureau of Land Management, $1.6 million; Fish and Wildlife Service, $23.2 million; National Park Service, $59.0 million; and Bureau of Indian Affairs, $22.8 million.

Other Rescissions

The budget requests rescissions of $15.0 million for Historic Preservation and $54.0 million in various bureau operating accounts. The amounts by bureau are: Bureau of Land Management, $6.5 million; Bureau of Mines, $16.6 million; Fish and Wildlife Service, $20.5 million; National Park Service, $8.0 million; and Territorial and International Affairs, $2.5 million.

Management Improvement

The Department has carried out and is actively pursuing a wide range of initiatives aimed at improving the efficiency and effectiveness of its operations, organizations and services. All bureaus of the Department participate in these initiatives which include Department-wide improvements of administrative and program functions. Savings are estimated at approximately

$30 to $40 million by FY 1988, which will be redirected to program areas rather than used for budget reductions. Some of the Department's major management and productivity improvement initiatives include:

- Improving and Consolidating Organizations - such as reorganizing the Bureau of Land Management state office in Alaska by eliminating one organizational layer; increasing efficiency of the Bureau of Reclamation by decentralizing and/or consolidating selected functions and organizations; consolidating the water quality laboratories and combining the map distribution operations of the U.S. Geological Survey; changing the offshore organization of the Minerals Management Service to reflect changes in the oil leasing program; and consolidating warehousing across bureau lines, where feasible.

- Improving Operations and Maintenance - such as implementing a National Park Service Maintenance Management System by automating and standardizing management of maintenance operations in all parks; improving the Bureau of Indian Affairs facilities operations and maintenance program by increasing the level of contracting; improving the maintenance of Indian roads, thereby reducing the need to reconstruct roads; and reducing costs associated with Department-wide management of motor vehicles.

- Utilizing Automated Technology to Improve Program Delivery and Achieve Efficiencies - such as introducing computer-aided design and drafting to improve the efficiency of U.S. Fish and Wildlife engineering functions and implementing management information systems in the Fish and Wildlife Service and the Office of Surface Mining Reclamation and Enforcement (OSMRE) to improve the timeliness and accuracy of program and support activities.

- Carrying Out Certain Functions through Private Industry - such as using private lending institutions through the Small Business Administration's Certified Lender Program to increase and improve credit services for Indians; contracting to manage and invest Indian monies held in trust by the Federal Government; using a private contractor to improve the accuracy and timeliness of abandoned mine land fee collection in OSMRE; and contracting with a private company to review the Department's unemployment compensation claims.

- Increasing Delegations of Authority - such as decentralizing certain equal employment opportunity functions from the Office of the Secretary to the bureaus and delegating to OSMRE field staff the authority to settle penalties for surface mining violations and to approve grant applications.

- Improving Program Service Delivery - such as establishing several pilot projects to integrate vocational and training services with general assistance programs to enhance employment opportunities for Indians and reduce dependence; reducing the indirect costs of design and construction in the Bureau of Reclamation; and using films, lectures and mass media to inform park visitors about what they can do to preserve and protect natural and cultural resources and ensure a safe visit.

I would also now like to discuss some of the highlights of the budget request for each Bureau.

Bureau of Land Management

The Bureau of Land Management (BLM) is responsible for the appropriate multiple use management of natural resources on 270 million acres of public lands located primarily in the Western States, including 90 million acres in Alaska. BLM also has the responsibility for mineral leasing and supervision of minerals operations on an additional 300 million acres of Federal mineral estate that underlie other surface ownership.

The 1988 budget estimate for BLM is $641.8 million, a decrease of $108.5 million compared to the 1987 appropriation level of $750.3 million. The 1988 estimate is a decrease of $97.7 million from the 1987 estimate of $739.5 million, which reflects proposed rescissions of $10.8 million. These rescissions will save 1987 and 1988 outlays and are consistent with the budget policy of meeting the Gramm-Rudman-Hollings deficit reduction target in 1988. The 1988 estimate includes $8.7 million for increased pay costs and $17.4 million for costs of the Federal Employee Retirement System.

Two factors account for the major decreases from the 1987 estimate to the 1988 estimate. The 1987 appropriation included $83.0 million to repay 1986 firefighting costs, which were initially paid with funds borrowed from other no-year accounts within the Department. No funding for emergency firefighting costs is requested in 1988. To finance these costs the Department will follow the normal practice of borrowing from other no-year accounts as authorized in the 1987 Interior and Related Agencies Appropriations Act. The proposal to share timber sale receipts from former Oregon and California (O&C) Railroad grant lands on a net, rather than a gross basis (-$28.5 million), accounts for the other major funding decrease in 1988.

The 1988 request for Management of Lands and Resources (MLR), the Bureau's principal operating account, is $408.0 million, a decrease of $69.2 million from the 1987 estimate. This appropriation includes funds for energy and minerals management, lands and realty management, renewable resources management, and their supporting services programs. As noted, the largest decrease from 1987 to 1988 in the MLR appropriation is due to the provision of emergency firefighting funds in the FY 1987 appropriation.

In 1988 the BLM budget provides for significantly increased emphasis on development of the Automated Land and Mineral Record System (ALMRS) with proposed total funding of $13.5 million within both the Lands and Data Management budget activities. The 1988 request represents an increase of $8.6 million over the 1987 estimate for ALMRS and is a major factor in the increases requested for these activities. The increased funding will be used for accelerated data collection, for software, and for acquisition of equipment.

Also within the MLR account, $84.0 million is requested for energy and minerals management, an increase of $6.2 million from the 1987 estimate. The increase is mostly related to additional pay and retirement costs. Funding for the oil and gas program is continued at the 1987 level, reflecting the Department's commitment to support domestic energy exploration and development. A program increase of $0.2 million in the mining law activity is intended to help eliminate the backlog of compliance inspections of mining operations on public lands.

An increase of $4.3 million over the 1987 estimate is requested for the Lands and Realty Management Program, for a total 1988 request of $45.5 million. The request reflects a portion of the ALMRS project funding increases as well as savings projected in the rights-of- way and Alaska lands programs. The 1987 estimate includes a rescission of $1.0 million from the Alaska Lands Program, representing a reduction in conveyances and submerged lands inventories.

Approximately $114.1 million is requested for renewable resources management, a decrease of $5.1 million from the 1987 estimate. This decrease will be reflected in the elimination of certain timber sale activity on public lands and low priority watershed projects, a reduction in wild horse and burro maintenance costs, and a reduction in wildlife habitat management plan development and implementation. In recreation resources and grazing management, the elimination of some one-time 1987 costs is also planned. The cadastral survey program will decrease by $0.7 million from the 1987 estimate, which includes a proposed rescission of $2.0 million for cadastral surveys in Alaska. An increase of $1.7 million in 1988 is requested to improve the maintenance of facilities owned and operated by the Bureau.

Consistent with the past two budgets, a legislative proposal for the interchange of BLM and U.S. Forest Service lands will be sent to the Congress in early 1987. No funds for the interchange are requested pending Congressional authorization.

The 1988 request for operations of the Oregon and California (O&C) Railroad grant lands is $53.9 million, a decrease of $0.6 million from the 1987 estimate. This decrease will be accomplished through a reduced level of timber sale offerings and deferrals of projects related to lower priority wildlife, recreation and transportation maintenance efforts.

Also included in the budget is a request of $8.5 million for range improvement work, a decrease of $0.7 million from the 1987 estimate. This decrease is based on a policy that would fund range improvements at a level equal to 50 percent of the receipts collected from grazing on public lands. The 1988 budget includes $105 million for Payments in Lieu of Taxes to local jurisdictions that contain Federal lands, providing full funding for this program.

Minerals Management Service

The Minerals Management Service (MMS) has responsibility for collecting and accounting for royalties and other mineral revenues due from Federal and Indian leases, both onshore and offshore, as well as leasing and supervising the development of mineral resources on the Outer Continental Shelf (OCS). As one of the largest collectors of revenue for the Federal Government, MMS will account for an estimated $5.2 billion in Federal receipts in 1988, including $4.3 billion from OCS bonuses, interest, rentals and royalties and $0.9 billion from onshore mineral leasing.

The 1988 estimate for MMS is $559.2 million, a decrease of $36.2 million compared to the 1987 appropriation and the 1987 current estimate of $595.4 million. The 1988 estimate includes $2.3 million for increased pay costs and $5.1 million for costs of the new Federal Employee Retirement System.

The 1988 request for annual program operations is $168.6 million, an increase of $7.9 million over the 1987 estimate of $160.7 million. Within the total 1988 request, increases of $9.5 million, due primarily to the pay raise and retirement costs ($7.4 million), and increased rent costs ($1.9 million), are partially offset by program decreases of $1.6 million. Program changes for OCS include reductions of $0.8 million for environmental studies, $3.1 million for geological and geophysical data acquisition, $0.4 million for decreased activity in oil and gas leasing and $0.1 million for savings from a consolidation of headquarters offices. These are offset in part by an increase of $0.3 million to fund a joint data collection effort for Alaska boundary determinations.

For the Royalty Management Program, program changes result in a total increase of $2.8 million. These increases all relate to enhancing MMS's ability to increase mineral revenue collections, thus resulting in a net increase of revenue to the Federal Treasury. In the general administration area, a decrease of $1.0 million from one-time costs and annual savings relating to the headquarters office consolidation are offset partially by increases to process appeals and upgrade obsolete equipment.

The 1988 estimate of $390.2 million for payments to states includes the proposal discussed earlier that net, rather than gross, receipts from mineral leasing revenues be shared with the states. Net receipts are derived by deducting the Federal management and administrative costs of raising these revenues. Currently, most states receive 50 percent of these revenues without deduction of any of the Federal costs incurred to produce the revenues. Our sharing of net receipts proposal, which requires legislative approval, would save the Federal government an estimated $55.0 million in 1988.

The 1988 estimate includes $0.8 million in miscellaneous payments for: (1) interest on late payments to states and Indian accounts when mineral leasing revenues are not distributed as quickly as required by law; (2) interest payments to industry payors who successfully appeal royalty payment orders and are refunded all or part of the principal paid to and held by the Government; and (3) rewards to persons who provide information to the Government which results in the collection of additional mineral revenues owed to the Government.

Office of Surface Mining Reclamation and Enforcement

The Office of Surface Mining Reclamation and Enforcement (OSMRE) administers programs for the regulation of coal mining operations to protect the environment and for reclaiming lands damaged by past mining activity. OSMRE reviews, monitors, and assists state regulatory and reclamation programs to accomplish these objectives and carries out regulatory and reclamation activities in states that do not have their own programs and on Federal and tribal lands.

The 1988 budget estimate for OSMRE is $292.4 million, a decrease of $11.3 million compared to the 1987 appropriation. The 1988 estimate includes $1.2 million for increased pay costs and $2.6 million for costs of the new Federal Employee Retirement System. Within the total funds available in 1987, a transfer of $1.3 million from the Abandoned Mine Reclamation Fund is proposed to cover increased 1987 pay and retirement costs in the Regulation and Technology appropriation.

The 1988 request for the Regulation and Technology appropriation is $105.6 million, an increase of $4.3 million over the 1987 estimate. This increase will enable OSMRE to increase its technical support and oversight of state regulatory programs and improve its Federal enforcement capability. Major increases include $1.0 million for regulatory program operations to enable the bureau to conduct data validation to assess expanded state oversight responsibility for implementing the Applicant Violator System (AVS), and $2.8 million for OSMRE to maintain and expand the AVS. OSMRE must update its data processing system so that permit applicants are checked against state operators with outstanding violations. The AVS will incorporate state data to assist OSMRE in ensuring that such violators do not receive new mining permits.

The 1988 budget includes a $2.3 million increase for automatic data processing (ADP) development and systems support. When combined with the requested increase of $1.1 million in the Abandoned Mine Reclamation Fund for the same purpose, OSMRE is proposing to devote $3.4 million for the development of an integrated computerized support system that links both regulatory and reclamation information. This network, known as the Coal Data Management Information System (CDMIS), will merge the existing collections management information system, the abandoned mine land fee collection system, and the AVS into a common database which will enable OSMRE to conduct its enforcement, fee collection, and financial management operations with greater efficiency and effectiveness.

The 1988 request for the Abandoned Mine Reclamation (AML) Fund is $186.8 million, a decrease of $15.6 million from the 1987 estimate. The request includes $150.7 million for non-matching state reclamation grants, which is a decrease of $9.9 million from the estimated 1987 level. The decrease is being proposed since a considerable amount of funding previously awarded to states is unobligated and thus remains available for reclamation projects. The 1988 proposed funding level will provide full administrative support for the states and allow them to initiate new land reclamation projects.

Consistent with previous requests, the budget reflects a decrease for the Rural Abandoned Mine Program (RAMP) administered by the Soil Conservation Service of the Department of Agriculture. . The $0.5 million requested for RAMP is a reduction of $8.9 million from the current estimate and is sufficient to complete existing projects.

Fee compliance will increase by $2.1 million to a 1988 program level of $5.6 million. This increase will help to continue implementation of OSMRE's fee compliance auditing priorities and to assure effective use of AML fee data in the AVS. The auditing priorities will enable OSMRE to direct greater attention toward operators that owe significant amounts of AML fees.

A final budgetary proposal is appropriations bill language which would allow OSMRE to use monies collected from the imposition of civil penalties under the Surface Mining Act for the reclamation of lands currently ineligible for AML funding. Existing statutes require that civil penalties collected from violations occurring on lands mined after passage of the Surface Mining Act be deposited into the General Fund of the Treasury. The new language proposes that these collections, which are estimated to be $3.0 million in 1988, be applied toward the restoration of lands which were mined after passage of the Surface Mining Act in 1977 and are unreclaimed because of insufficient bonding or bond forfeiture. Since the civil penalties are collected due to violations of the Act that occurred after 1977, the Department believes their use to restore lands mined since 1977 is appropriate.

Bureau of Reclamation

The Bureau of Reclamation plans, develops, and operates water resource projects in the 17 western states. The purpose of these programs is to provide irrigation water service, municipal and industrial water supplies, hydroelectric power generation, and outdoor recreation and flood control to help stabilize and stimulate local and regional economies. Projects also contribute to environmental protection through water quality improvement and fish and wildlife enhancement features.

The 1988 budget estimate for the Bureau is $1.053 billion, an increase of $99.7 million compared to the 1987 appropriation and 1987 current estimate of $953.5 million. The 1988 estimate includes $8.2 million for increased pay costs and $17.1 million for costs of the new Federal Employee Retirement System.

As discussed earlier, in 1988 the Bureau will concentrate its financial resources on construction projects and planning studies that are substantially underway while constraining funding for planning of new projects and for projects further from completion. This approach will establish a more efficient schedule for completion of many projects and will allow available funding in future years to be applied to postponed projects and planning studies.

The 1988 request for the Construction Program is $700.2 million, a $98 million increase above the 1987 current estimate. This request provides for construction activities on 58 projects. In accordance with the policy set forth above, the Central Arizona Project (CAP) will be funded at $275.8 million, an increase of $69.6 million; the Bonneville Unit of the Central Utah Project (CUP) will be funded at $135.3 million, an increase of $46.9 million; and the Safety of Dams Program at $55.9 million, an increase of $19.3 million over current 1987 levels. The concentration of resources on these and other projects will of necessity result in decreased funding for other projects even though the total construction request is $98 million over the 1987 estimate.

The 1988 request for General Investigations is $11.6 million, a $17.8 million decrease from the 1987 current estimate of $29.4 million. This reduction supports the policy of concentrating available resources on projects substantially underway. No funds are proposed for initiating new planning studies. Our recommendations for the planning program are intended to effect earlier completion of those studies currently well underway, coordination of planning studies with the funding levels and capabilities within the Construction Program, and consistency with non-federal cost sharing goals related to planning and construction.

The request for the Loan Program in 1988 is $28.8 million, a decrease of $8.7 million from the 1987 current estimate of $37.5 million. The budget request for loans has been decreased to provide additional resources to the Construction Program for projects substantially underway. Work will continue on 11 projects, 7 of which will be completed in 1988. No new loan starts are proposed in 1988. The Department proposes to sell the portfolio of all completed loans as part of the Administration's government-wide asset sales initiative. This sale is estimated to result in revenue of $154 million in 1988, thus favorably affecting the Federal deficit.

The 1988 request for Operation and Maintenance is $154.3 million, a $14.3 million increase above the 1987 current estimate, for activities on 36 reclamation projects, as well as the Bureau's associated water resources management activities. The proposed level of funding will provide sufficient resources for a reliable operation and preventative maintenance program which is essential as Bureau facilities become older.

The budget request includes $53.3 million, an increase of $2.1 million over the 1987 current estimate, for General Administrative Expenses. The request for the Emergency Fund is $1 million, the same amount appropriated in 1987. An amount of $287,000 is required for permanent appropriations. The budget projects that non-Federal contributions to Reclamation Trust Funds will increase by $13 million to $48 million, reflecting increased cost sharing for planning and construction of projects. In addition, the Bureau will continue to support many of its cooperative activities through reimbursements, such as Foreign Activities Program, which now provides assistance in 12 countries.

The budget includes a 1987 supplemental request to transfer $5.6 million from unobligated balances in the Loan Program to initiate cleanup activities at the Kesterson Reservoir and the San Luis Drain in accordance with the plan submitted to the California State Water Resources Control Board on December 1, 1986.

The Department Irrigation Drainage Program will be funded at a total of $3.6 million with equal amounts budgeted in the Bureau of Reclamation, Fish and Wildlife Service, and Geological Survey.

Geological Survey

The major missions of the Geological Survey (GS) are to undertake research, fact finding, and mapping and to disseminate the resulting information to the public to improve upon the knowledge of the extent, distribution, and character of water and other natural resources, and the geologic processes, structure, and hazards that affect the development and use of the Nation's land and physical environment.

The 1988 budget estimate for GS is $420.2 million, an increase of $1.1 million compared to the 1987 appropriation of $419.1 million. The 1988 budget estimate is a decrease of $1.5 million from the current 1987 estimate of $421.7 million. The 1987 current estimate reflects a supplemental request of $2.6 million which includes $2 million for the development of an improved financial accounting system for the Department and $0.6 million to replenish funds which were transferred under emergency authority to replace monitoring equipment.

The 1988 budget estimate includes $8.0 million for increased pay costs and $21.8 million for the costs of the new Federal Employee Retirement System.

The 1988 request for the national mapping program is $87.4 million. Within this total, funds are requested to continue support for the transition to an advanced digital cartographic system that takes advantage of emerging computer technologies. Support is continued at reduced levels for the small scale and special mapping, digital mapping, geographic information research and applications and Earth Resources Observation Systems programs. No funding is proposed for the side-looking airborne radar program because the technology has been demonstrated and applications data can be readily acquired from the private sector.

The request for geologic research and investigations is $164.8 million. Funding is provided for essential research related to geologic hazards such as earthquakes and volcanoes, energy resources, cooperative geologic mapping, geomagnetism, and mineral resource surveys. No funds are requested for investigations of coastal erosion processes in 1988.

The 1988 request includes $137.2 million for research and investigations to appraise the nation's water resources and to provide water data necessary to develop and manage these resources. Support for the National Water Quality Assessment Pilot Program continues for the third year. The 1988 funding level is $4 million. Funds are included in both the Federal and Federal/State cooperatively funded data collection and analyses programs, national water data and information access, regional aquifer analyses, core program hydrologic research, and nuclear waste hydrology programs at reduced levels. Funding for the Water Resources Research Institutes and Grants Programs and associated administrative costs is also proposed.

Bureau of Mines

The mission of the Bureau of Mines (BOM) is to help ensure that the Nation has adequate and dependable mineral supplies for economic, security, and other needs. The Bureau collects, analyzes and publishes statistical and economic information on all phases of mineral resource development and analyzes the effects of public policy alternatives, including proposed new regulations, on mineral supply and demand. Research is conducted to improve the technology used for the extraction, processing, use, and recycling of the Nation's mineral resources at acceptable social, environmental and economic costs.

The 1988 budget estimate for the Bureau is $119.1 million, a decrease of $19.5 million compared to the 1987 appropriation of $138.6 million. The 1988 estimate is a decrease of $3.0 million from the current 1987 estimate of $122.1 million, which reflects a proposed rescission of $16.6 million.

The 1988 budget estimate includes funding of $2.4 million for increased pay costs and $5.4 million for costs of the new Federal Employee Retirement System.

The 1988 budget decrease is consistent with the Administration's past proposals and results from channeling the Bureau's unique research and analytical talents toward several current and emerging problems significantly affecting global competitiveness of the domestic mining and minerals industry while eliminating lower priority efforts. The request includes $29.1 million for minerals information and analysis, $70.8 million for minerals research, and $18.8 million for general administration. Within the $70.8 million for research, the Bureau will conduct research related to the Abandoned Mine Land Reclamation Program at a cost of $1.9 million. This function was transferred to BOM from the Office of Surface Mining Reclamation and Enforcement as the result of FY 1987 Congressional action.

Funding is not requested for the 32 Mineral Institutes in 1988, and $16.6 million appropriated in 1987 for mineral research, mineral investigations, and the Mineral Institutes Program is proposed for rescission.

As outlined earlier, the Administration proposes to sell to the private sector the Bureau's helium refining and distribution facilities. Under this proposal, the buyer will provide ready access for Federal agency needs by withdrawing Federally owned helium from existing reserves. It is estimated

that the sale will realize $50 million. The existing debt to the Treasury, which financed the acquisition of the helium reserve, plant, and equipment, will be forgiven under legislation to be proposed to the Congress and all future revenues from the sale of helium to Federal agencies will go to the Treasury. The Bureau of Mines will continue to conduct its helium resource assessment activities under the Mineral Data Analysis Program.

National Park Service

The National Park System contains 338 areas which cover 79.6 million acres of land in 49 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and the Northern Mariana Islands. The National Park Service has the dual responsibility of protecting the natural and cultural resources of these areas and providing for their use and enjoyment by the public. The Service also conducts programs that promote and assist outdoor recreation planning, preservation of cultural and natural resources, and environmental compliance and review along with other Federal agencies, state and local governments, and private organizations.

The 1988 budget estimate for the National Park Service is $799.6 million, a decrease of $138.3 million compared to the 1987 appropriation level of $937.9 million. The 1988 estimate is an increase of $23.6 million over the current 1987 estimate, which reflects proposed supplementals of $17.6 million and rescissions of $146.4 million of 1987 appropriations, $30.0 million in contract authority and $3.2 million of prior year appropriations.

The 1988 estimate includes $15.3 million for increased pay costs and $21.9 million for the costs of the new Federal Employee Retirement System.

The 1988 budget request proposes increased funding for park operations through enactment of permanent legislation which would authorize the Secretary of the Interior to establish new, and increase existing, park entrance fees and to use the revenues from these fees to supplement the operation and maintenance of park areas. By comparison, in the Interior and Related Agencies Appropriations Act for 1987, the Congress authorized a one-year entrance fee program for the Service. Under this authority, certain parks are exempted from entrance fees, certain price limitations have been imposed, and revenues resulting from the fees are being deposited into the general fund of the Treasury.

The Department's 1988 proposal will result in all revenues from recreation fees being made available to the Park Service. The legislation, if enacted, will provide additional financial support to the National Parks, to be derived from park users rather than from the general taxpayer.

The 1988 request for Operation of the National Park System, the principal operating account, is $714.8 million including $74.3 million that would be available from recreation fees. This $74.3 million would support a portion of the base funding for maintenance, repair and rehabilitation, and all base program funding for information publications, exhibit preservation and rehabilitation, visitor transportation systems, fee collection costs, cultural and natural resource preservation programs, and volunteers-in-parks. The recreation fees will also provide an increase of $3.5 million for park operations and other increases for information publications, volunteers-in-parks and for increased costs of fee collection.

Proposed increases in the 1988 estimate for Operation of the National Park System also include: $3.9 million for the U.S. Park Police to provide for increased security, drug enforcement initiatives, improved facilities and equipment; $0.6 million for Natural Resources Management for development of a long-term monitoring program of ecosystems in the park system; $0.6 million for Cultural Resources Management to reduce backlogs in cataloging objects and collections and to develop more adequate cultural resource inventories; $0.75 million to cover start-up costs and expanded operations at Great Basin National Park; $0.35 million for improved grizzly bear management programs at Yellowstone and Glacier National Parks; and $2.7 million to cover increased costs of office space, communications and other administrative costs. The Department proposes to rescind the $8 million appropriated in 1987 for Steamtown National Historic Site and does not plan to finance this contractual aid in 1988.

The 1988 request for National Recreation and Preservation is $10.3 million, $0.3 million less than the 1987 estimate. The Service is proposing to reduce the amount of Federal involvement in public recreation programs that are carried out at the state and local level as part of the overall effort to help reduce the Federal deficit. Accordingly, technical assistance to states and local governments for recreation programs would be reduced and technical assistance to the states for river and trail conservation would be eliminated.

The proposed budget for construction is $31.0 million, an increase of $1.9 million over the FY 1987 estimate. The amount requested includes $4.7 million to be derived from the Visitor Facilities Fund. A total of 11 projects in 10 parks will comprise the construction line item program for 1988, including one project that will use monies transferred from the Visitor Facilities Fund. All projects address health and safety or resource protection objectives. The budget also includes a proposed rescission of $59.0 million of 1987 appropriations for construction. The rescission of funds for these lower priority construction projects will help meet overall deficit reduction goals.

The 1988 request to support the non-performing arts operations of the John F. Kennedy Center for the Performing Arts is $4.9 million, an increase of $0.1 million over the 1987 estimate.

A total of $16.0 million is requested for Land Acquisition, a decrease of $3.6 million from the 1987 estimate. Within this level, $6.1 million will be available for emergency and hardship acquisitions and to pay anticipated deficiency court awards. Remaining funds will be used to administer ongoing acquisition actions and the Land and Water Conservation Fund state matching grants awarded in prior fiscal years. The budget also proposes rescissions of $64.5 million in 1987 appropriations and $3.2 million of prior appropriations for lower priority land acquisition projects and state matching grants to assist in the goal of deficit reduction. An additional $30.0 million in land acquisition contract authority is also proposed for rescission.

Consistent with prior year budgets, no budget authority is requested for grants from the Historic Preservation Fund, a decrease of $9.3 million from the 1987 estimate. Beginning with a proposed rescission of $15.0 million in 1987 funding, the Administration would eliminate all direct Federal funding for the preservation of historic properties except for those properties that are part of the National Park System. Historic Preservation Fund grants to states are no longer vital to ensure that preservation activities continue. Federal support over the past 15 years has facilitated the establishment of a network of effectively functioning state preservation offices which can continue to operate without Federal assistance. The encouragement of private sector involvement in historic preservation through enhancement of economic and tax incentives has been highly successful.

The 1988 request eliminates direct Federal support for the Illinois and Michigan Canal National Heritage Corridor and the Jefferson National Expansion Memorial Commissions. In total, the two commissions were funded at $0.3 million in 1987.

The Administration is proposing a reauthorization of funding available from the Highway Trust Fund for park road projects. Under the proposed reauthorization, $75 million would be available for Park Service road projects in 1988.

Office of Territorial and International Affairs

The Assistant Secretary for Territorial and International Affairs carries out the responsibilities of the Secretary for the U.S. Territories of American Samoa, Guam, the Northern Mariana Islands and the Virgin Islands, as well as for the Trust Territory of the Pacific Islands and the freely associated states of the Republic of the Marshall Islands and the Federated States of Micronesia (FSM). The objectives of the Office of Territorial and International Affairs are to promote the political, economic and social development of the territories and direct each toward greater self-government and self-reliance. In the case of the freely associated states, the objective is to administer and supervise continuing Federal programs and funds provided under the Compact of Free Association enacted by P.L. 99-239.

The 1988 budget estimate for Territorial and International Affairs is $291.0 million, an increase of $4.0 million compared to the 1987 appropriation of $287.0 million.

The 1988 estimate is an increase of $6.5 million above the 1987 current estimate which reflects a proposed rescission of $2.5 million of technical assistance funds. The 1988 estimate includes $66,000 for increased pay costs and $96,000 for costs of the new Federal Employee Retirement System.

The 1988 request for administration of the U.S. Territories is $61.9 million, a decrease of $13.8 million from the current 1987 estimate. The request includes $15.4 million for an operations grant to American Samoa (a decrease of $5.4 million attributed to increases in local revenue anticipated by the American Samoa government) and $5.5 million for construction projects in Guam, American Samoa, and the Virgin Islands (a decrease of $7.3 million). The 1987 construction program includes $1.1 million for the Mangilao Reservoir on Guam, $0.5 million for oil dock rehabilitation on American Samoa, $1.5 million for seawall construction on American Samoa, and $2.4 million for water system improvements in the Virgin Islands. Technical assistance funding is proposed at $2.2 million, and loan assistance for the Guam Power Authority will decrease by $0.4 million to $1.6 million. The covenant grant for Northern Mariana Islands operations and capital development is proposed to be $34.4 million, a decrease of $1.0 million. The budget reflects a policy of encouraging increased private sector participation in territorial development, while enhancing government efficiency and encouraging economic diversification of the islands.

An estimated $70 million will be provided to Guam and the Virgin Islands from anticipated Federal collections of income and excise taxes. This payment will be an increase of $5.0 million from the 1987 estimate of $65.0 million.

Approximately $14.8 million, a decrease of $52.6 million from the 1987 estimate, is requested for 1988 to fund the Trust Territory of the Pacific Islands. However, almost all of the decrease is attributable to the fact that funding for the Marshalls and the FSM is no longer included in this account. The $14.8 million requested for 1988 will provide $10.8 million for government operations for the Republic of Palau (an increase of $0.7 million) and $1.4 million for Trust Territory operations (a decrease of $3.8 million). The 1988 request also includes $2.6 million as a contribution for construction of a new capitol in Palau. Palau will continue to be administered under the Trusteeship agreement until such time as a conflict between the Compact of Free Association and Palau's constitution is resolved and the Compact is implemented.

For the Compact of Free Association, the budget request is $27.9 million. This will provide funding for the continuation of certain mandated Federal programs and services to the Marshalls and the FSM. Funding for most of the direct payments to these governments over the fifteen-year life of the Compact is backed by the full faith and credit of the United States and was permanently appropriated during 1986. The Compact came into effect and initial payments were made in 1987. Permanently appropriated funds for the Compact governments will total $116.4 million in 1988, an increase of $42.2 million over the $74.1 million provided in 1987.

Secretarial Offices

The budget requests for Secretarial offices total $93.9 million. This is an increase of $13.2 million over the 1987 appropriation and the current 1987 estimate for these offices.

The 1988 estimate includes an additional $1.9 million for increased pay costs and $3.5 million for the costs of the new Federal Employee Retirement System. Within the $93.9 million total, the Office of the Secretary, which provides executive direction and management for the Department, is funded at $51.0 million; the Office of the Solicitor, which provides legal services for all components of the Department, at $24.8 million; and the Office of Inspector General at $18.1 million.

Conclusion

In conclusion, Mr. Chairman, I believe this is a budget which should be approved by the Congress. This budget fairly meets our responsibilities and does not ignore our pressing needs. It helps put the overall Federal budget on a course of steadily declining deficits leading to a balanced budget.

I will be happy to answer any questions that you may have at this time.

The CHAIRMAN. Thank you very much, Mr. Secretary.

I wrote you, along with Senators Byrd, Stennis, Sarbanes and Murkowski about the concern about closing the Avondale, Maryland facility and the Bureau of Mines Research Center there. Senator Sarbanes has some questions which I would like to submit in writing on that subject, and I hope you will answer those.[1]

Mr. Secretary, the President announced during the campaign that he was going to have an oil and gas—really, a petroleum study—in reference to the deteriorating state of the domestic petroleum industry.

Could you tell me how that study is proceeding, when it will be complete?

Secretary HODEL. I cannot give you a final date, but my understanding is we are represented on the work group; that it is approaching completion; and that it should be done within the next, I will have to say, two to four weeks. The date may be partly affected by a printer's schedule.

The CHAIRMAN. Who is actually doing the study?

Secretary HODEL. Pardon me?

The CHAIRMAN. Who is actually doing the study?

Secretary HODEL. The head of the study is the Deputy Secretary of Energy, William Martin, who has devoted a great deal of his time and attention to this. I would say he has essentially devoted full-time to this study because of the magnitude of the undertaking.

As you know, things I have said in public indicate I have prejudged the matter, so I do not come as an unbiased observer on this subject, but it has been my strong view that the United States is being placed back in the hands of OPEC by what is going on in our domestic oil and gas industry, and I am dreadfully concerned.

I cannot presage what that report will say on that subject, but I hope that it is one which is consistent with my view of the world.

The CHAIRMAN. And what is your view?

Secretary HODEL. My view is that because there are national security and economic consequences to the increased dependence upon imported oil, that we as a nation need to get our house in order and particularly—and this may be because I am Secretary of Interior and I am at what I call the upstream end of the energy process; we lease lands for exploration for oil and gas—it seems to me the critical factor is what has happened to the exploration industry in America.

As a nation we have stopped looking for oil in any of the frontier areas and, as a result, while today we seem to be in great shape—there is plenty of gasoline and the price is reasonable—we most assuredly will be faced later with price shocks and with dramatic drops in domestic production.

The CHAIRMAN. What is the order of magnitude of that drop in production?

Secretary HODEL. An interesting circumstance. Those who were listening to what was being said and done in the industry last summer, as I know you were, Mr. Chairman, heard the same

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[1] This information is included in the appendix with the answers to all of the Committee's additional questions.

things I did and were concerned that the drop was of a very significant magnitude, from well over 8 million barrels a day to something close to 8 million barrels a day.

The figures that were being published at the time did not indicate this drop because the figures are made based on a projection rather than on a sampling of what is actually going on in the field.

A recent correction of the projected figures for September dropped by almost 300,000 barrels a day. So it looks like those of us who have been saying that in the spring of 1987 this country would be producing perhaps a million barrels of oil per day less than it was a year earlier and importing at least a million barrels a day more are going to be very close to the mark. And if we continue on the course we are going, a year from now in 1988 we will be importing at least 2 million barrels a day more because consumption rises with the decreased price, while domestic production diminishes. While it feels good today, what I keep cautioning my friends is, don't buy your vehicle based on expectations that this can continue.

The CHAIRMAN. Well, I await that report. I think that conclusion is unassailable. It is perfectly obvious we are dismantling the domestic energy business bit by bit and piece by piece, and just to wring our hands and say we cannot do anything about that, and especially not an oil import fee, it seems to me is burying our head in the sands. It is nice to say we will drill in California, and we ought to. It is nice to say we will drill in the Alaskan National Wildlife Reserve if Congress would agree, and maybe a dozen years from now, there might be something produced up there.

In the meantime, we are going to have some terrible oil shocks while we dismantle this domestic industry in the meantime. There is only one thing that will really help that, and that is an oil import fee. That is first on the list, that is second, that is about the first ten things you can do, and after that you can do some very small things like drill off California and things of that sort, which we ought to do, but which are not going to be any answer to the problem.

Secretary HODEL. Mr. Chairman, if I might be allowed to respond, as you know, I have the highest regard for you and your knowledge of the oil and gas situation in the industry. I know that you are very, very close to it.

I was very interested in questions regarding an import fee about a year ago, and I found at that time, as I am sure you did, quite a division within the industry as to whether an import fee was appropriate or not.

My sense is that a significant number of smaller producers who would have benefited by an import fee have now been driven out of business. And I am concerned, as I look at the opportunities, that an import fee would bring with it so much baggage, and I mean by that special subsidies for New England, special subsidies for the chemical industry, possibly special provisions for refiners who are dependent upon imports, that we could be led back into something like the Entitlements Program.

I have been greatly concerned that an import fee would bring with it that kind of baggage, and in fact while it would improve revenues, it might not stimulate exploration. I hope that among

the things we can be looking for as an Administration are opportunities for things which would stimulate exploration.

The CHAIRMAN. Well, of course, the stimulating of exploration is the name of the game, but that is dependent on price, isn't it?

Secretary HODEL. Price plays a big factor and the longevity of expected price, of course.

The CHAIRMAN. The stability of price.

Secretary HODEL. Stability of price. Actually, I believe that the enormous activity that occurred in the late 1970s and early 1980 was not driven so much by $35 a barrel oil as by $35 a barrel oil with the expectation that the price would be $75 or more.

The CHAIRMAN. That is the whole reason for the import fee. It gives you not only price, but stability of price, because you could have a difference between—if the figure is $22 a barrel—and that is what I am hearing from my friends in the industry—you have got to have something like $22 a barrel and the expectation that it will stay there and not go down.

An import fee that made up the difference between, say, the $22 and today's price would give that stability that would spur the drilling. Unless you had it, you are not going to have the drilling, and today you are not getting the drilling.

And to say that you are necessarily going to have all this baggage is to prejudgse what the Congress might do if the President asked for it. It is not absolutely necessary that you have a new entitlements program along with an oil import fee. I would oppose a new entitlements program, but just because you have some differential, say, for refined product does not mean it does violence to the bill itself. That does not mean it is a subsidy. It means it is a recognition of the difference in cost.

I think it is possible to draw a bill that will not be all hole and no doughnut, that will not be a new Entitlements Program, and that would work. It is fine, Mr. Secretary, for you to say all the right things, and you are saying them articulately and well and convincingly. But then to say, well, we have got this terrible problem where we are going to go into this awful oil shock, but we cannot do anything about it because you guys in Congress, if we ask you, would probably do the wrong thing with respect to the oil import fee—I think that is no answer.

I do not want to take too much time, but you know my views on that and I hope that at some point the Administration will change their views on that.

Gentlemen, may I suggest that we go by the rule of reason? I hope I have not violated it with respect to time. I will recognize Senator McClure.

Senator MCCLURE. Thank you, Mr. Chairman.

Both you and the Secretary know of my interest in the question of the vulnerability of the United States to oil supplies interruptions and the leverage that may be had over the United States by those who are in the catbird seat at times of apparent shortage. I will not belabor that point here today, except to say that I think we are approaching a time of crisis in this country again. Just as we were in 1973; the indices are the same; in 1973 we were faced with declining production; consumption rates that were higher than finding rates; production from reserves were greater than the

addition to reserves; domestic consumption was rising. And there was obviously going to be a crossing of the lines of dependency where our supply was not adequate to meet free world demand, not just U.S.

That was predictable.The events of 1973 came about not because we had arrived at that point, but because of the political event that accelerated the process and advanced the date, not because it changed anything else.

The same thing is true today. There are some differences today from 1973, but the trends are exactly the same. So again, it is predictable, as it was in 1973, that some event may accelerate the timetable, but if that event does not occur, we will inevitably reach the point where we again have conditions such as those brought about not just in 1973 and 1974, with the asbsorption that we saw in our economy of the escalated price of energy which we probably did without unacceptable pain, but in 1979 when we were pushed over the threshold and I don't think the world has yet recovered from the shock of the 1979 events that brought the oil prices well above $20 a barrel and in many instances above $30, with the expectation that now it would rise beyond that.

I don't want to belabor that, because I think the record is very clear on that. I look foward to working with the Administration in whatever way we can, certainly one of which must be the availability of the public lands of the United States Government to the exploration and development and production of energy resources.

It is not just OCS. We have a terribly difficult question with respect to ANWR. But just because it is difficult does not mean we should shy away from confronting it. I think that if indeed we think there is an urgency about our current energy crisis, we have to look at such things as public land management that puts too much of the public lands out of bounds for exploration and development.

But again, I do not mean to belabor that because you are familiar with my views and I am familiar with yours.

Before proceeding, you should know that Senator Wallop is unavoidably out of the city today. He is in his own State out of necessity. But he did want me to express for the record his concern about the use of the Wallop-Breaux funds, as you have suggested; and secondly, also, the division and distribution of mineral receipts to which you and I have both made reference already.

Mr. Secretary, is helium a depleting resource?

Secretary HODEL. I think, technically, yes.

Senator MCCLURE. Do we have a helium conservation program that is founded upon the notion that, rather than throw away the helium that is in rich natural gas streams, we ought to conserve it for the future?

Secretary HODEL. We have stored large volumes, and I am sorry I do not have the figure, Mr. Chairman, of helium in the Federal Helium Reserve, apparently in volumes vastly greater than any present need or ability to use it. The helium facility I have mentioned produces helium from the natural gas stream and apparently the bulk of the helium requirements in the country are met in that fashion.

Your question I think goes to the next step: What about the additional helium that is either not used or not usable? Are we storing that?

At the present time there is no storage program over and above what has taken place.

Senator McCLURE. And isn't it likely that with the current and immediate market demand for helium, there would be no helium separation beyond current market demand? It would flow with the natural gas stream, and go out the burner tip and into the atmosphere?

Secretary HODEL. Yes. My understanding of the situation is yes, that would be correct.

Senator McCLURE. And if I recall correctly, it costs about 16 times as much to get helium from other sources as it does from that natural gas stream.

Secretary HODEL. I will have to depend on your figure there.

Senator McCLURE. I will submit a number of other questions with respect to the helium program. I have been long concerned with what I think is the wasting of a national asset and with the tendency to look at only ordinary market economics as to whether or not we ought to conserve it or whether we will let future generations pay the cost of recovery of helium from other sources for future needs.

I hope you will take a look at that. I know that I intend to do so.

Let me not burden the discussion much, but you have said it makes a great deal of sense to provide the distribution of net mineral and other revenues rather than gross revenues under the formula. I think you are very persuasive. That is logical. From the Federal Government's standpoint it is more than logical.

But the track record has been that States don't trust the Federal Government to do that moderately, and I think that is exactly where we have been in the past. The invitation to load down the expense side so that there was nothing left to distribute to the States was all too glaringly evident.

Mr. Secretary, I admire and respect you almost without limitations, but you have helped contribute to that fear when you say, "Let's take some of the Wallop-Breaux and put into O&M." Precisely the same kind of thing that says to the States, if you open that door and allow the Federal Government to get their foot in that door on charging costs of administration and distribution before we distribute receipts, that that will again go predictably where we once were before, which meant there were no receipts left to distribute to the States.

I mention that because in one of my counties in Idaho which depends upon timber receipts—it is a mining county, but the mining is so down that the only thing they have left in that county, which is a very high proportion of the lands owned by the Federal Government, that with the downturn in the lead-zinc-silver industry, with the closing down of mine after mine after mine, with laying off of thousands of people, with unemployment rates that were at a rate of about 40 percent and now down to about 20 percent because the rest have left the county, that the tax base of the county is so severely eroded that the county budget for road maintenance in

that sprawling county, owned largely by the Federal Government, is almost totally out of timber receipts today.

The schools, I just saw a report the other day, the schools in that system have had another 300 decline in enrollment because people are leaving the county. The tax base just does not exist, and you are going to give that county another $200 million hit.

They say, no, they are not going to take it if they don't have to, and I guess as their spokesman I am going to say the same thing.

Thank you, Mr. Secretary.

Senator BINGAMAN [presiding]. I think, Mr. Secretary, I am next so I guess I will go ahead and ask questions since our Chairman is out for the moment.

The President's Commission on American Outdoors issued its report and recommended that we establish a dedicated trust fund to provide a source of money for the country to meet its outdoor needs.

I wondered if you have had a chance to review the recommendations of that Commission, particularly on their recommended improvements in the Land and Water Conservation Fund, and what your views are and what actions you intend to take.

Secretary HODEL. What I have seen and reviewed is the Executive Summary, which I am sure you have seen, and it is a very attractive and I think effective presentation of the work done by the President's Commission on American Outdoors.

The final report, to the best of my knowledge, has not yet been finished or, if it is, it is just finished. I have not seen the final detailed report, but it is my understanding that our recommendation will be that it should be presented to and reviewed by the Working Group for the Domestic Policy Council, much as we did with, for instance, the Grace Commission, and that we should seek to establish the implementation of the recommendations that are presented through the working group.

When we get to the specific question about the Land and Water Conservation Fund, we have very strong reservations, as you know, about earmarked funds. They do not always end up being utilized as anticipated. They are, in fact, a budget outlay. They are not actually a set-aside of money. I know that some of the members of the Commission had some reservation about the amount mentioned.

I think the key to the President's Commission Report is its recommendation that the real burden in the future, the main responsibility for Americans' outdoor activities, is going to fall increasingly on the States and the localities as people become personally more active, and I think we are very supportive of that.

Senator BINGAMAN. But I gather from your answer, you are not supportive of their recommendation for this dedicated trust fund idea.

Secretary HODEL. All I can say at this moment is that historically, we have not been favorable toward those kinds of proposals. I have not had an opportunity to review this, nor has the working group, and I think that I could not guarantee that that would be our position. I am simply saying as a cautionary note to you and to the Committee that I have some concern that we might not view that particular recommendation that favorably.

Senator BINGAMAN. Let me ask about the operation and management of the mineral royalty collection efforts. There has been some criticism in recent report about a House Appropriations Subcommittee and GAO and the way that those collections are made. Maybe you can give us your views on how effective the Department's efforts are at tracking, collecting, dispersing the funds from Federal mineral leases.

Secretary HODEL. The efforts have been far too slow, but nonetheless there has been improvement in that whole effort, and we are optimistic because the computer system will be available this spring. The system is now substantially behind schedule because it turned out to be far more complex than once anticipated, and there is some dispute with the contractor. There will be a four-month parallel test of the new computer operated system.

We expect to be taking a significant further step in the improvement. Let me say that we all have the same reaction, which is we see trust companies and savings and loans and so forth going through very elaborate daily accounting mechanisms with all kinds of depositors. It is difficult for us to conceive of why we can't do the same kind of thing, even though there may be 40,000 allottees with all kinds of complex interests. The problem has tended to be the reliability of the information we are getting, and we think we have improved that. We think that it is computable, and that will make a big improvement.

Senator BINGAMAN. Let me ask also about this issue of a development of a water management strategy. In your testimony to us in 1985, you said—and I think that this is an exact quote—that "within existing resources, in close cooperation with the States, we plan to develop a water management strategy in the national interest.

I did not know if that was something that has actually gone forward, if there has been more thought on that, if there is anticipated to be something in writing, we could review at some stage.

Secretary HODEL. Senator, I will have to go back and see whether there is something more than what I have in mind. We have had a very active effort with States, a joint committee with States, dealing particularly with water rights settlements issues, which is one of the major obstacles or problem areas that we encountered.

I would say that the scope of my earlier remarks goes beyond that. What I need to verify is whether or not we have an ongoing effort in that area. I will supply that for the record, if I may.

[The information follows:]

WATER MANAGEMENT STRATEGY

In my remarks before this committee last year, I stressed several points when speaking about the development of a water management strategy. First, I stated, and I continue to believe, that primacy rests with State and local governments to resolve water management problems. Since most water resources problems are local or regional in nature, they do not lend themselves to national water plans -- particularly those plans which might result in more Federal involvement or regulation. Our philosophy is to assist States, regions, local communities and Indian Tribes with their water resource issues. Such an approach cannot be accommodated by a master plan or policy that attempts to impose national standards and procedures on local resources and institutions. From the Federal perspective, we will continue to forge new partnership arrangements with State and local governments to provide them assistance in their pursuit of economically prudent and environmentally sound solutions to their water resource problems, where appropriate.

Since the hearing in 1985 in which I spoke of the development of a water management strategy, a number of significant events have occurred in the Nation with regard to water resources. Two pieces of recent legislation come to mind that will help define the water policy for the Nation for years to come. I am speaking of the omnibus legislation for the Corps of Engineers (the Water Resources Development Act of 1986) and the recently enacted Clean Water Act amendment (the Water Quality Act of 1987). The legislation for the Corps will provide significant guidance for that agency to carry out its mission to assist the Nation with its water resources challenges. Legislation reauthorizing the Clean Water Act, although opposed by this Administration because of budget implications, will nonetheless define programs impacting on the Nation's water quality.

The cornerstone of my strategy then and now is to create open communication lines between the Department of the Interior and Federal, State, local and private interests so that issues can be addressed and resolved in a timely manner. The Department of the Interior has achieved a high degree of success in promoting such dialogue with the water community. For example, we have been active participants in negotiations to settle certain long-standing Indian water right claims in the West. We also are working with the National Governors' Association and other groups to address Federal, State and local factors that affect the ability of water users to exchange water among themselves.

Internally, we have made programmatic decisions that will shape the water future of the Nation for years to come. We have implemented President Reagan's policy of actively seeking more non-Federal financial participation in the development of water projects undertaken by the Bureau of Reclamation. Given our current fiscal constraints, seeking additional local cost sharing is the only feasible policy for ensuring continued Federal participation in water project development. We have recommended a new budget policy for the Bureau of Reclamation so as to concentrate our limited resources on the timely completion of ongoing projects rather than stringing out all projects for indefinite time periods.

Finally, on the water quality front, we have established a pilot National Water Quality Assessment Program (NAWQA) under the leadership of the Geological Survey. This program is designed to provide nationally consistent scientific information needed to make sound policy decisions on water quality management and protection. The Department is conducting the NAWQA program in coordination with representatives of national water resource interest groups, other Federal agencies, and State and local governments. A successful NAWQA program will improve our understanding of national water quality problems and our ability to allocate resources effectively in dealing with those problems.

Senator BINGAMAN. I would appreciate hearing from you.

Let me ask on one other issue, and then I will quit here—you have money in the 1987 budget for curation of cultural artifacts, a very small amount, I think $250,000.

I have received quite a bit of comment from people involved in cultural resource preservation type activities, that they feel there is a major deficiency in this area, and that it is something that needs more attention.

I notice you are asking for another $250,000 for the cultural resources preservation fund. I would like your comments as to whether this is something that your Department is trying to do something about, if you see it as a significant issue, or what is happening on it.

Secretary HODEL. It is definitely something we are trying to do something about, and the fact that we continue even at that seemingly low level is indicative of a commitment to continue and support that effort.

What I cannot tell you today is what the estimate might be of the approximate cost of an expanded or full-fledged program that someone might envision.

I would have to say that in the current budget atmosphere, it would be very difficult for us to single out that particular activity, even though we believe it is important, and schedule it for significant budget increases.

Senator BINGAMAN. Thank you very much.

Let me just put a statement in the record, if I could, Mr. Chairman. I appreciate it.

[The prepared statement of Senator Bingaman follows:]

STATEMENT BY SENATOR JEFF BINGAMAN
OVERSIGHT HEARING ON THE DEPARTMENT OF INTERIOR BUDGET
January 29, 1987

The Department of the Interior's proposed Fiscal Year 1988 budget reflects the Secretary's continuing effort to develop a budget that is as fair and equitable as possible to all agencies and programs. This does not mean that I am satisfied with all the proposals. I want to address some general concerns I have for the budget and reserve specific comments on individual programs for my questions.

The Land and Water Conservation Fund was perhaps the most important piece of legislation passed by the Conservation Congress of the early 1960's. The Fund was established to provide a mechanism to acquire unique land for public ownership. Unfortunately, this budget continues a trend that would greatly reduce or virtually eliminate funding for federal park, refuge and recreation land acquisitions together with money for grants to state park development programs. I don't understand the short-sighted view of this Administration and I will fight any efforts by

the Department to seek rescissions of monies Congress appropriated last year for this purpose.

One other area where the Administration continues to pursue policies the Congress clearly disagrees with is the issue of net receipts. Once again, the Administration is proposing that the Federal costs of managing the on-shore mineral leasing program be deducted from total revenues and that receipts shared with the states be based on the resulting net amount. This is despite the fact that states such as New Mexico have assisted the Agency over the past few years in administrating the operation of the program. I am confident the Congress will once again reject this proposal.

I remain concerned about increased park fees, but I will withhold judgement until the fee plan comes to us for review. I am pleased to see that any revenues from proposed increases will now go directly to fund park operations, not to the Treasury for deficit reduction.

I have been extremely frustrated by a proposed BLM policy change that would explicitly call for the Agency to be an "aggressive advocate" for mineral development on federal lands at the expense of other users of public lands. I believe very strongly in the doctrine of multiple use that has guided the management of our public lands and I would never want to see that principle compromised. I understand

the BLM Director has recently rejected the policy change. I trust this decision was supported and encouraged by the Secretary.

I continue to be worried about the management of our nation's cultural resources. I congratulate the Secretary for the success of his "Take Pride in America" program. Unfortunately, it will take more than a well-intentioned public relations program to adequately preserve and protect our cultural heritage. I asked the GAO at the end of 1985 to conduct a study of how adequately we protect and manage our archaeological and cultural treasures. This report is scheduled to be completed in the next month. Preliminary indications are that there are many areas where we must improve our efforts -- from enforcement to curation. I look forward to working with the Secretary to solve these problems.

The Chairman [presiding]. Next in order of arrival, Senator Hecht.

Senator HECHT. Thank you, Mr. Chairman.

Mr. Secretary, nice to see you again. Senator McClure said he did not want to belabor the oil situation, but I would like to belabor it, because I think it is of crisis proportions and I think we should belabor it. We have to address that.

Let me step backward. Yesterday morning in my Banking Committee, we had the top financial people from the money markets in New York testifying to the Banking Committee and each one of them had a tremendous concern about the price of oil and what that is going to do to interest rates, international and national finance, right down to the home mortgage, the effect on the cost of a mortgage in the future, what it is going to do to every bonding, every municipality in America.

I don't think we here in this Committee are giving enough attention to that. We had a talk in my office and you and I mentioned this crisis. You also brought out that you would not be surprised to see gas lines in America, and I do not remember the date you gave me on that.

Secretary HODEL. I have to preface my answer, Senator, by saying that it is true, I would not be surprised, and the numbers I use are sometime in the next 2 to 5 years. And it could be sooner than that even, because OPEC is so much more back in the driver's seat in my estimation than they were, and there is evidence of assistance from the Soviets and others. But, more specifically, something could happen which would disrupt the oil supply of the Middle East which could precipitate that far sooner.

If we continue on the course that we are on, the lines that Senator McClure was talking about that cross in the projections would occur sometime between two and five years from now.

Senator HECHT. So in this 100th Congress, we have to make some fast decisions on this; is that correct?

Secretary HODEL. I am one of those who would like to see some decisions made. I think the great controversy will be deciding first of all, whether there is a potential problem? And if we agree—and that will not be easily achieved—that there is a problem among the body politic the Congress and the Administration, then the magnitude of the problem can be determined. Then it seems to me is when we can finally get around to talking about what are the appropriate responses. If there is agreement there is a problem, there will be an almost unlimited number of proposals that will come forward.

Senator HECHT. I don't see any disagreement on that. Again, if you will go the Banking Committee and hear these people talk, there is absolutely complete consensus that we are in a crisis right now, and we are not addressing this crisis.

Do you have any type of plans in your mind that you feel that we should be carrying out right now to help meet that crisis?

Secretary HODEL. I am not in a position to recommend an Administration-supported proposal. But I have consistently spoken in terms of the importance, as I did with the Chairman, of stimulating exploration activity and continuing the message to the Ameri-

can consumer that this is a short-lived, beneficial low price and excess supply situation.

It seems to me that where we part company very quickly is over the magnitude of the problem. When I get into a discussion with people, there is always dispute over how serious the problem is and how soon the crisis would take place, and that leads to questions like what should you do about it.

My view is that we ought to try to stimulate domestic exploration.

Senator HECHT. Thank you, Mr. Chairman. That one point is so important to me, I wanted to get that out.

The CHAIRMAN. Thank you, Senator Hecht.

Next is Senator Evans.

Senator EVANS. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. I won't try to spend all of my time on the oil problems. I think we are all quite aware of the difficulties which may be just ahead of us.

What in your view would it take to get a more comprehensive national policy, recognizing the potential problems that may be ahead of us in a shorter time than we think? We do not appear to have a proposal.

You mentioned that you could not speak on an Administration-supported proposal. Isn't that a pretty high priority in your view?

Secretary HODEL. Yes, and I think that is what I would have to say is the expected outgrowth of this report that Senator Johnston was asking me about. It is my understanding that the report very well may not include a particular recommendation, but rather a list of options.

Let me say if that is the way the report comes out, it is a wise decision by the Secretary of Energy because there is a great risk in this particular arena, that if you produce a report that contains a great deal of interesting, important information about the magnitude of the problem and you attach to it a particular set of recommendations, that too many people will skip past the factual portion and jump to the recommendations. If they do not like the recommendations, they will dispute the facts without ever even dealing with them.

I think it is really important for us to reach some basic agreement on the magnitude of the problem, and that is fine to have possible options laid out, but not a particular recommendation. I think that is the next stage that we have to go through.

I would say that while there is increasing awareness in the Congress and the Administration of this problem, my sense is that the body politic as a whole is quite unresponsive or unreceptive to some of the kinds of things that might be called for as a preparatory activity to some kind of energy problem in the future.

Senator EVANS. Do you think that, as a piece of that potential energy policy, it is a wise idea for the Administration to be suggesting that we eliminate fuel efficiency standards on automobiles?

Secretary HODEL. Senator, I have not gotten involved in that issue. As you know, that—perhaps I should say fortunately—is outside my turf and I would defer to the agency which is responsible, and I would be in a position of supporting their recommendation, whatever that might be.

Senator EVANS. I guess there is no wisdom in assuming more problems than you have got within your own Department.

Secretary HODEL. I have a lot of things that are disputatious within the Department without seeking them outside. Yes, sir.

Senator EVANS. Let me turn to the Bureau of Reclamation and the policies which you have adopted and which, I understand, focus on those projects which are furthest along to try to complete them. I am not trying to particularly get at the Central Arizona or Central Utah Projects—but you mentioned there were several alternatives.

Isn't there another alternative, which perhaps on a nationwide basis we ought to be looking at, that examines the wisdom or the necessity of continuing or completing some of those projects insofar as they end up bringing new land under irrigation just to enable us to grow more subsidized crops and incur an even greater crop surplus?

How much sense does that really make—to spend more Federal money to bring more land under cultivation so we can spend more Federal money to subsidize the crops that are grown, so that we can spend more Federal money to store the surplus crops and on and on and on? That is all taxpayer money and I am not sure it is necessarily a wise idea.

Secretary HODEL. First of all, the scenario you lay out is particularly difficult because, as you describe it, all of the crops are subsidized crops. I think, in fact, not all of the crops are, but certainly there is that element. The question is a perfectly legitimate questions and I am sure you are aware, knowing my background in philosophy, that I have asked that question myself on more than a few occasions.

I have resolved the matter in this fashion. It seems to me that you are describing the issue that needs to be raised and dealt with before the Congress authorizes a project of this type. But one of the tragedies we engage in is that once the decision has been made, we keep going back and taking another bite of the apple and saying. "Well, let's reexamine that." In the meantime, money is being poured into these projects, but at a level which is below the level necessary to bring them to completion, as in the example that I used, earlier the Central Utah project.

Now, I know that some of the members of this Committee have been here during the debates over some of these massive projects. I have reached the conclusion, Senator, that at the stage of completion where a billion and a half or more dollars has been invested in the Central Arizona Project and the commitment of the locality has been manifested by a very substantial cost-sharing agreement which goes beyond anything that was ever contemplated when the project began, it would be inappropriate for us now to try to turn our back on that funding and say, no, somehow we are going to revise it.

I think we have sunk enough money into this project that we ought to see it to completion and there will be benefits, as we know. Not all of the benefits laid out in the cost-benefit ratio prove to be the benefits that we actually get from a project. I have seen this with some of the projects in the Northwest.

The same is true with the Columbia Basin Project. But when we come to the issue of should you do the next phase of the Columbia Basin Project, I think that is going to be a very hard-fought issue because of the very questions you have raised.

We are committed to Central Utah, Central Arizona. We are committed to Garrison, and there is great concern on the part of some people that the funding proposal here manifests some change in that position. It does not, in my estimation. In fact, it is a means of seeing to completion what we have committed to do, whereas the other approach might never see us to completion.

So, in general, I feel that once the decision has been made by the Congress, and the bill has been signed by the President, and we have invested years of effort and billions of dollars, we probably should try to get the project to completion and get whatever benefits there are.

Senator EVANS. That sounds vaguely familiar, the Garrision project although occurred before I was here. In reading about the project, I think that was the basic argument used year after year to complete the Tennessee Tombigbee Waterway, for whatever benefits occurred from that completion.

Secretary HODEL. I can say with considerable relief, Senator, I have never been a part of the Tennessee Tombigbee debate, but I am sure that you could also find examples in the Bureau of Reclamation or Department of Interior budget that would fall into the same category.

Senator EVANS. In this exchange, do you believe it is important, as we look ahead to engage in that national review, to try to look comprehensively at the interrelationship between our agricultural needs now and in the future, the responsibility of the Government to subsidize the bringing on of new lands, and to determine where and how it can be done best, and whether it should be done at all?

Secretary HODEL. Absolutely. Senator, I would enlist any aid and comfort you can give me. In this particular Bureau of Reclamation proposal, I have tread upon what may be the "holy of holies" in the water area, because I have suggested that we defer a significant number of projects, not a great deal of money, but a significant number of projects that are in the general investigations category. My argument is: Does it make any sense to be spending $10 or $12 million a year looking at new projects that have very problemmatical cost-benefit ratios at best?

Does it make any sense to do that when we have not got enough money to finish the projects that are already underway? What I have found, not totally surprisingly of course, is that this is enormously distressing to some of your colleagues whose projects are on that list and for whom this is a very important issue.

That debate over where we should be going needs to be going on now. I have said I believe the Bureau of Reclamation has entered a new era. It will operate the projects that have been completed and maintained.

We have a major responsibility in trying to finish what has already been completed and investigate and recommend for completion new projects that meet the test. That test needs to be debated.

Senator EVANS. And I suppose that I could put myself in the category of those who are distressed. I think that there is not neces-

sarily a consistency between saying let's finish on the construction side what is now underway, and let's abandon the studies of new projects.

We are talking about an extraordinary differential in terms of the amount of money involved in studies versus construction. As I remember, it is something like $700 million in the construction budget and $17 to $20 million on the study side.

Are we going to get to a point where, in our drive to finish the construction projects that are now underway and our drive to abandon studies that are started, we will not have a clear opportunity, a clear picture, to examine the various alternatives that would have been studied, so that when we make this big set of decisions on what makes the most sense, we are stuck, with only the ones we have studied the ones that happen to be first in line but not necessarily first in priority? It seems to me that does not make much sense.

Secretary HODEL. Senator, we are really talking about two levels. We are talking about the broader policy question of what kinds of projects, what kinds of water projects should the Bureau of Reclamation be looking at and studying? There is also an issue as to our policy on single purpose projects. Some of our investigative money was being spent for single purpose municipal and industrial water projects, which is not generally in the purview of the Bureau. That is an issue that needs to be dealt with.

There are similar broader policy issues. When you get to the specific investigation of projects, it turns out the average investigation of a Bureau of Reclamation project takes 17 years. Now, I know with your engineering background, Senator, this you can appreciate that it is conceivable that that kind of work could be done in a two to four-year span of time, at least for some of the more modest projects.

Senator EVANS. Even the biggest ones.

Secretary HODEL. What this tells me is that a very inefficient level of effort has been funded. And it seems to me we have two basic issues. One is what should the general direction be, and the second is which investigations ought to be carried out in response to that general direction. The investigational work that goes on today is all over the lot and it has to do primarily with interest-generating proposed projects, interested parties coming and seeking funding for a study to begin.

The CHAIRMAN. Senator Evans, I hate to interrupt, but we have got two or three members that need to go to Appropriations.

Senator EVANS. I will have further questions on this as well as several other subjects, Mr. Chairman.

The CHAIRMAN. Senator Nickles.

Senator NICKLES. Thank you, Mr. Chairman.

Mr. Secretary, I'd like to follow up a little bit on what Senator Evans was saying in a little different regard. I visited several of these projects as the former Chairman of the Water and Power Subcommittee, and would like to complement some of the comments he made. In looking at some of the major projects which you are trying to complete—and maybe completion is the wiser thing—but in the California project you are looking at a multi-billion dollar project, in one of the most, if not the most, prosperous agri-

cultural areas in the country, if not in the world. However, I do not see a large amount of money in proportion to the total past obligations in the California project.

If you look at the Utah project, you are looking at a project where you are actually boring holes through mountains with a high ratio of dollars expended per the water available. I am sure that the Bureau has looked at it, but it is an extremely expensive project. And operations were not idling by when I visited the site a couple of years ago. They were spending a lot of money.

The Arizona project as well, is extremely expensive. You are talking about billion dollar projects, and each one of these that I am touching on is extremely expensive. Also, if you look at the area that we are handling, certainly there is a water need, both for agriculture and for the city, which is one of the more prosperous areas as well.

So I have those concerns as I look at other States that are more arid and maybe much smaller scale projects and the benefits that could be received in proportion to these billion dollar projects. Now it looks like we are having a push towards those smaller projects.

Just that kind of editorial comment. I know those projects were all well committed, obligations were made, agreements were reached even prior to this Administration's election in 1980. I do have a concern about the Garrison project and us making obligations in the billion dollar or more range in the past Congress or so, and how much those obligations are going to cost the taxpayers—my memory is searching—but I am thinking of figures in excess of $100,000 per farmer and so on.

So I have those reservations and I make those comments. I notice in the Garrison project, you mention that we are going ahead, but I see one appropriation request of $2½ million. That pales, because that is a billion dollar project.

The question I wanted to ask you—and I would concur with Senator Evans—is why can't we make some reviews of these projects. Let's see how far we should go forward and let's see what areas we are benefiting and whether or not we are going to be supplementing crop production and surplus commodities so we can pay more deficiency payments. I think we should review that, Congress as well as the Administration.

Concerning the MMS and the revenue proposals or the distribution of royalties, you want to take the expenses out before the royalties are distributed or distribute net royalties?

Let me make a couple of comments. We have had a lot of complaints. I have had complaints every single year concerning the royalty management or mismanagement by government. And I have heard it to such an extent, that they will scream if I go back and say, "well, you are going to be pleased to find out now that that money is going to be taken away before you get your checks." You know, if the program were operated efficiently, there might be some people that might concur with that.

Maybe there have been improvements, and I hope and pray that there have been improvements, particularly on Indian oil and gas lands. But if those improvements have not been made—and my guess is, I am going to be checking and trying to find out—my constituents are going to be screaming to high heaven the new way is

inefficient. Past delays, inaccurate amounts, checks not being made, et cetera, have angered people. Now you say we are going to have the operations costs coming before they get their checks. So then the constituents say, "Well, we didn't get them in the first place on time or accurate." There is going to be a lot of opposition to that unless that MMS is operated in a more efficient and effective manner.

Secretary HODEL. I think I need to comment on a couple of things. First of all, as I testified earlier, I believe there has been an improvement and we expect to see continuing improvement in the royalty management program. I would be the last to assert that things were to the level that we would consider satisfactory yet.

So I certainly would expect to continue to receive complaints. We receive directly many of the same complaints which you receive and pass on to us. I would expect that to continue.

Secondly, our net revenue sharing proposal does not affect Indian allottees. It has to do with the States. It reflects proposals with regard to net revenues only for the States.

Senator NICKLES. I appreciate your informing me.

One final question on royalties. You have the discretion or flexibility in being able to alter royalty amounts for government coal. It is my understanding that royalty amount is 12½ percent.

Secretary HODEL. Senator, I know that we have the authority to reduce royalty rates on oil and gas wells. We have just discussed it briefly and we assume that it also true with regard to coal.

Senator NICKLES. Going on that assumption, I believe that you do have the discretion. We have been trying to work on it.

Just a couple of comments. The coal industry in my State has been depressed, as most natural resources industries are. Private royalties are going for 5½ or 6 percent. The Federal Government is insisting on 12, 12½. As a result, Federal leasing is drying up significantly. You are not competitive.

We have encouraged you to be flexible, to be competitive with whatever the private market has been, and I would encourage you to do that. The net result, without being more flexible or competitive, is that you are not having Federal leases. The Federal Government is losing that activity and that source of income, so I would encourage you to be competitive with whatever the market is. If it is 12 percent, if it is 18 percent, or if it is 6 percent, I would think that you would want to be somewhat flexible for that reason.

Secretary HODEL. As you know, Senator, there is constant agitation with regard to whether we are obtaining adequate royalty payments and revenues and it is extremely difficult for the Federal Government to make those adjustments, even where we have the authority and someone can show us that a marginal well may be abandoned if we do not reduce the royalty rate. It is still extremely difficult for us to do it without incurring the kind of outcries and agitation that followed the Powder River sale of coal, as you may recall.

Senator NICKLES. What was the total amount of rescissions requested for 1987?

Secretary HODEL. Three hundred million dollars.

The CHAIRMAN. Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman.

Let me, without belaboring the point, Mr. Secretary, but clearly for the record indicate that I concur with the Chairman in his statements on our dependency on foreign oil and the absolute need for something like an oil import fee.

Not only are we growing more dependent, but we are literally losing domestic supply every day because of price. I mean we have stripper wells closed forever. We have reserves going down, production going down, and we just have to convince the leadership at the White House sooner or later that this is in our strategic interest.

I do not expect any comment. You have been very articulate on the subject, and I know that you are not in charge of the study. The study is being done by a number of the President's aides on the issue of the strategic importance of dependence, as I understand it. Is that not correct?

Secretary HODEL. That is correct.

Senator DOMENICI. Now, having said that, let me make two or three points, Mr. Secretary. Again, I have the greatest respect for you, but I look at these budgets and I sometimes wonder who dreamt up the approaches.

We just finished talking now about how bad the oil industry is, and we know that a lot of that oil comes from States like New Mexico, Colorado, and Wyoming. That whole mineral issue is there and they have no revenues. They are going literally bankrupt. And what do we do? We come along and we almost freeze this budget, but as for the mineral receipts we knock 12 percent off. We take 12 percent off.

In my State, that means a reduction of $10 million. We don't have enough money now to pay our bills because of oil and gas and the administration comes along in the middle of that and says it is going to split the mineral receipts differently now. Here again, I don't need any comments. I just say I don't know where the rationale comes from.

Are we the enemies of the Administration? Do they dislike New Mexico and Arizona and Colorado and Wyoming?

Secretary HODEL. Far from it.

Senator, I feel constrained to comment because I do not want to leave the impression that by my silence, that somehow, someone else, some vague party is responsible. I am responsible for this budget and what is in it. I am responsible for the net revenue-sharing proposal because, in preparing the budget, in recognizing the restraints that we had to work within as part of our concern for the deficit, I had to make some incredibly difficult choices. I would be the first to say that I knew that some of these were going to cause great consternation, but it has nothing to do with attitudes towards the States because, as you know, we want to be staunch supporters of the States.

Senator DOMENICI. Well, I raised the point because it seems to me the mineral distribution is almost ideologically this Administration's type of program, and I do not understand why we make it tough on the States that have public lands and that are getting more supportive of efforts to develop it and produce resources.

I don't want to belabor it.

I want to take the opposite side of the "let's build some dams and let's spend some money" approach because we have the Animas/La-

Plata Project in New Mexico, and I think we have been a stepchild. I mean it is in the early legislation with all the rest of these marvelous projects we have built in the States of Arizona and California, and we have just finally given birth, as you know.

After all of the negotiating, we put our cost-sharing in place and you have a little bit of money in this budget, I just want to ask you, do you intend to support the Animas/LaPlata project, Mr. Secretary, and does your Department intend to proceed?

Secretary HODEL. Senator, I have been a supporter of the process of developing the Animas/LaPlata proposal. We have not, as you know, signed the formal cost-sharing agreements. There is, as there always will be right up to the eleventh hour, arguments about the precise wording. The budget reflects a reduction in the amount anticipated to be spent, because we are not to the point even of asking for authorization.

That is preliminary to saying that it is my present intention to come forward with a proposal for the Animas/LaPlata project. I do recognize that it will be subjected to the kind of challenge and question that Senator Evans raised, and I think that that is where we will have to be prepared to make our defense.

Senator DOMENICI. Mr. Secretary, are you making every effort to see that we proceed with an Animas/LaPlata agreement and cost-sharing, and is it your approach to try to see it happen?

Secretary HODEL. Yes, Senator.

Senator DOMENICI. And you are saying that on the record. You are not trying to make it not happen?

Secretary HODEL. That is correct.

Senator DOMENICI. All right.

My last question has to do with another issue, the land acquisition part of your budget. Here again, you can answer if you would like. But let me just suggest that as I read this budget, again I actually think you sent us something, knowing we were not going to do it.

I mean do you really believe we are going to, on land acquisition for the Bureau of Land Management, go from a $6½ million or so down to $10,000? Do you think we are going to, on the Park Service, make these kinds of cuts that are in this budget? I mean they are not 10 percent or 12 percent or 30 percent. I mean they are practical elimination when coupled with rescissions.

Secretary HODEL. Senator, as you know, we have taken the position that if we have to make the kinds of cuts we feel we have to make, that the land acquisition account is preferable to the operating account. And that is what has driven this kind of an approach.

This is a budget-driven decision, as distinguished from some of the other things we have talked about today. In my view, we have tried to maintain, and I think have been able to do so, that where there is Park Service land that is in some kind of jeopardy, we need to have the money to protect it.

We feel that we have higher priorities than to go out and acquire additional lands that we do not see in jeopardy. I hope that the Congress will see the same priority problems that I have and hopefully will adopt the same conclusion. I realize there is very strong sentiment against that in many quarters.

Senator DOMENICI. In the interest of time, Mr. Chairman, I want to submit a question for the Secretary to answer with reference to the estimates of oil production losses because of the moratorium in California offshore and their best estimates on the ANWR both as to production and reserves, so we will have it as a matter of record.[1]

The CHAIRMAN. Without objection.

Senator MURKOWSKI. Mr. Chairman, I have a line of questions. It is not necessarily my turn, but I am sorry I must leave for another meeting. I would like to indicate to the Secretary my intent to submit three written questions to him, one on the proposed cut in survey costs within the State of Alaska; the other covering subsistence program cuts which are dictated by Federal law and the justification of the Federal Government not participating in that subsistence, since most of the subsistence that occurs on Federal land is a measure of grave concern. And lastly, the interpretation from the Secretary of the Interior of the President's statement in the State of the Union to the Congress with regard to ANWR, the specific interpretation of the role of the Department of Interior in that matter.

I thank the Chairman for allowing me to put that on the record.

The CHAIRMAN. Next, Senator Conrad.

Senator CONRAD. Thank you, Mr. Chairman.

Welcome, Mr. Hodel. I would like to first associate my position with the statements of the Chairman and Senator Domenici on the question of our dependence because, as someone who comes from a major oil producing State and as someone who has watched very closely the dependency grow, I also am convinced that we must take steps, however politically painful, to impose a variable tariff or some other means of keeping the domestic oil industry operating.

I would also like to associate myself with the remarks of Senator Domenici on the question of mineral royalties. My State is perhaps in worse shape economically than any of the other States. We have an extraordinarily difficult situation in my State, as you know, an agriculture and energy State. We are in deep, deep trouble.

That takes me to my next concern which is, of course, Garrison Diversion, and as you know, we have discussed this already and it was a painful discussion. I think you will recall our session was probably not the most pleasant either one of us has had in the last few weeks, but at least I think we expressed clearly the really deep anger that the people in my State feel for this budget proposal.

I might add that the delegation from South Dakota visited me yesterday and shared the same feelings. And I understand you are going to be going shortly to a meeting with my colleague on this question.

Let me just take you back to the discussion we had. Garrison Diversion in this budget is being cut from $33 million to $2½ million; the WEB project in South Dakota, from $23½ million to just over $2¼ million.

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[1]This information is included in the appendix with the answers to all of the Committee's additional questions.

In the case of North Dakota, we have just gone through a process in which the Federal Government directly participated: the organization of a commission, and the commission itself cost over $2 million; a commission in which all of the interested parties participated, achieved a compromise at great pain to everyone involved, significant scaling down of the project, but a final conclusion after 20 years of intensive fight and debate.

How do you suggest that we answer the question back home: Isn't the Federal Government breaking its word shortly after the ink is dry, on the work of a commission in which the Federal Government directly participated?

How do we answer that deep anger and that question?

Secretary HODEL. The answer is absolutely not. We are not breaking that agreement. The agreement, as I understand it, was for a project. As things have stood, if we continued the pattern of the past, we would spend $30 million this year and $30 million next year and $30 million ad infinitum perhaps on a project that will take, at today's estimates, nearly $900 million to finish. We are talking about 30 years at that rate. The way things have gone, every couple of years those projects furthest from completion get delayed on their official schedule another couple of years when we do an update of the schedule.

We made a commitment to this project and we are committed to it and I believe that we ought to carry it through, as I have testified here previously. The problem is that carrying on the pattern of behavior that we have had in the past is precisely the opposite. It puts money now at a modest level relative to what is needed in the State, but it does not move the project toward completion. We will have at the appropriation hearings charts which will show the outyears and how, by approaching the situation the way we are suggesting, Garrison will be able to be finished, and we can commence the optimal funding level in a year or two or three, which holds some promise of finishing the project.

Now, I understand and I am sympathetic to the problem. I have talked with Governor Synner as well as Senator Burdick and you, and I know the concern about the economic conditions. But I am charged with a measure of stewardship responsibility as Secretary of Interior to spend limited resources, large resources, but limited nonetheless, in some responsible way. And that is why I have made the proposal that I have. This budget is not—let me emphasize—not a repudiation to that commitment to the project.

Senator CONRAD. Let me go further. I think you are sincere. I believe that, because if I did not think you were sincere, I would be very angry. But I think you are sincere in what you are intending to do.

Let me just try to share with you the feeling of the people back home. I had a State legislator who called me up who has been involved in this process for 25 years, and he is a fellow that is very direct. He was very close to Jimmy Carter until Jimmy Carter proposed a hit list.

He called me the other day and he said, well, now we got a Hodel hit list. He said, "You know, Kent," he said, "they are just a bunch of lying thieves in Washington." And he was bipartisan about it. He was absolutely fed up with Jimmy Carter and Cecil

Andrus, and now he is really fed up with Ronald Reagan and Donald Hodel.

And he said to me, "Now, look, they are talking about giving us more money in the future." He said, "That's when they are gone." He said, "We have been lied to so many times and we have made the sacrifice. We have given up some of the most productive acreage in our State. And now we went through the process, went through the Commission, and we thought we had an agreement. And we thought there would be orderly progress made. And now they come in and put a level of funding that will, in effect, not even be able to fund the staff in Bismarck. Those people are going to have to be sent away."

And he said, "It is going to cost a lot more to do it this way because you do not make orderly progress. You are going to have to hire a whole new batch of people and get them to understand the project."

How do you answer people? They think the Federal Government cannot be trusted, cannot be trusted for a minute.

Secretary HODEL. First of all, I am one of those who believe that is a healthy attitude for the American people as a whole.

Senator CONRAD. Well, you are a doing a lot to convince them that they are right.

Secretary HODEL. Let me suggest to you, Senator, the chances of explaining it to that individual, if he cannot distinguish between Jimmy Carter's hit list on water projects and this Administration's budget proposal, which is intended to permit us to finish projects and be able to finish all of those that have been approved and authorized by Congress, probably are hopeless because the difference is 180 degrees. We are committed to water projects. We believe in the importance of water projects, and we are trying to see to it that they finally begin to produce the benefits that are called for.

Let me suggest that he is totally wrong when he suggests it would cost more to do it the way we are proposing because we know historically that some of these projects take so long to finish, that by the time they are finished the water users cannot afford to pay for the projects, although had they been constructed in a timely fashion, they would have.

If it takes us 30 to 40 years, under normal approach, to build the Garrison project, I venture to say that it will be vastly more costly than completing it in 10 or 15 years from now as a result of finding a different way of financing.

Senator CONRAD. You see, there are sub-elements to the Garrison project. I do not know how familiar you are with the specifics. But, for example, there is a Southwest Water Pipeline. Part of the deal is that North Dakota takes a much smaller project, gets additional MR&I money; some of that money goes into a Southwest Water Pipeline that could be funded under what people thought they would be getting, that the State of North Dakota thought it would be getting, very quickly—in four or five years, Southwest Water Pipeline would be completed, and you have an important project sub-element completed very quickly.

Secretary HODEL. Yes, but it would be my expectation that the $30 million that would otherwise have been budgeted for Garrison would not have been focused on the Southwest Water Pipeline.

Let me say one of the reasons I would guess that is if we had tried to do that, the proponents of other elements of the project would have accused us in much the same language perhaps as you have already heard, of not playing straight with the agreement because the agreement did not contemplate that we would focus, on the building of the pipeline.

I will try to verify that, and I would like to be permitted to put in the record what the funding would have been. I suspect it would have been for general work. The problem is that at that funding level we are not going to pour much concrete.

[The information follows:]

GARRISON DIVERSION UNIT

The Bureau makes funds available for Municipal, Rural and Industrial Water through a grant to the State. The State in turn allocates funds for these purposes, including the construction of the Southwest Pipeline. It is the Department's understanding that approximately 90 percent of the State grant is allocated by the State to the Southwest Pipeline construction.

The funding allowance for Municipal, Rural, and Industrial Water, including the Southwest Pipeline, would vary depending on the total amount available for the Garrison Diversion Unit. The following table shows possible allocations at various funding alternatives.

Funding Alternatives for the Garrison Unit	Estimated Amount for Municipal Rural, Industrial Water
$30,000,000	$10,500,000
20,000,000	930,000
2,500,000	0

Prior to development of the Bureau's budget initiative of concentrating construction activities on projects that are substantially underway, the Bureau included $20 million for the Garrison Diversion Unit in its FY 1988 budget request to the Office of Management and Budget. As indicated in the table above, under this alternative less than $1 million would have been available for the grant to the State for Municipal, Industrial and Rural Water projects, and only a percentage of this amount would have been allocated to the Southwest Pipeline.

Senator CONRAD. The understanding of the Conservancy District is that the lion's share would have been for construction of other elements of the project, but there would have been a substantial amount of money available for MR&I, of which Southwest Water Pipeline is a high priority.

Let me just close by saying again, I want you to know how deeply, deeply upset the people of my State are with this proposal, and that we have no choice but to try to fight as best we can. I understand the rationale that you give.

I just want you, at the same time, to understand the people of my State honestly believe that they entered in good faith through the efforts of the Commission, made a dramatic compromise and now they feel as though the Federal Government has run out the back door on them.

Secretary HODEL. And I just have to say again that, while I understand their concern, I feel very strongly that in fact, we are far more likely to meet the Federal Government's commitment if we take this approach than if we continue the historic funding pattern and, in fact, just dribble money in there, and a large amount of money. Thirty million dollars a year is a lot of money.

But to continue to fund at a low level for a project of that size does not bring it to fruition.

Senator CONRAD. Mr. Chairman, I would just like the right to enter into the record remarks.

Senator BINGAMAN [presiding]. That would be fine.

[The prepared statement of Senator Conrad follows:]

STATEMENT OF HON. KENT CONRAD, A U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Mr. Chairman and members of the Committee, I thank the Secretary of the Interior for appearing before our committee to testify on behalf of the Administration's proposed budget for the Department of the Interior for FY 88. I also want to express my belief, however, that the level of funding in the proposed budget for the Garrison Diversion Water Project represents a breach of faith with the people of North Dakota.

The history of the Garrison Diversion Project, dating back to the Flood Control Act of 1944, is a litany of broken promises with the people of North Dakota. The Flood Control Act provided that North Dakota would flood over one-half million acres of productive farm land to provide flood control, river navigation, hydropower generation and municipal and industrial water for down stream states. In exchange, the Act provided that North Dakota would receive one and one-half million acres of irrigated land and desperately needed supplies of water for municipal and industrial uses. To make a long story short, North Dakota kept its word and the federal government ignored its obligations. Although 550,000 acres of valuable farmland in North Dakota were inundated for the Garrison and Oahe Reservoirs, the project is delivering water to less than one percent of the acreage originally identified for irrigation.

The latest breach of faith with the people of North Dakota involves the plan proposed by the 12 member Garrison Diversion Unit Commission appointed by the Secretary of the Interior in 1984. After numerous hearings in which proponents and opponents of the project were able to present their views, the Commission submitted its recommendations for a smaller version of the project to the Secretary and the appropriate committees of the Congress in December 1984. The Secretary approved the plan in January 1985 and on May 12, 1986, Congress enacted the Garrison Diversion Unit Reformulation Act, Public Law 99-294. Amongst other things, Public Law 99-294 provides that "[t]he Secretary is directed to proceed immediately with the construction of: (A) the New Rockford Canal; [and] (B) the Oakes Testing Area."

Mr. Chairman and members of the committee, the citizens of North Dakota expected funding for the Garrison Diversion Project for FY 88 to be approximately $33 million. The $2.5 million proposed in the President's budget is not only another

breach of faith with the people of North Dakota, it is woefully inadequate to meet the express directive of the Congress in Public Law 99-294.

The people of North Dakota are deeply angered by what they view as a breach of faith by the federal government. I call upon Mr. Hodel, in his capacity as Secretary of the Interior, to restore the level of funding for the Garrison Diversion Project that North Dakotans have a right to expect. If he does, he will restore the level of trust in the federal government that people have a right to demand.

Thank you, Mr. Chairman.

Senator BINGAMAN. Senator Bumpers is the only one present who has not had a chance to ask questions, and he would like to go ahead.

Senator BUMPERS. Thank you very much, Mr. Chairman.

Mr. Secretary, first of all, why is the Department, the Office of Surface Mining so intent on abandoning the Abandoned Mine Reclamation Program?

Secretary HODEL. Senator, they have not indicated to me that they are in that frame of mind, and if you are referring to the proposal for a reduced amount of abandoned mineland funding, that funding level I approved for the reason that we believe that is all of the money that will be usable or useful in Fiscal Year 1988.

So what we are proposing is full funding for the AML, as the States are able to take the money, and I have an ongoing commitment to this Congress that in the event States are able to take more money than that, I will seek to come forward with a supplemental for the additional money.

Our concern is this: if we requested additional money for the AML fund, I would be forced to find it out of an operating account somewhere else in the Department or in the Office of Surface Mining.

Senator BUMPERS. I didn't ask the question correctly. I am referring to the Rural Abandoned Mine Program. For the last six years, this Administration has proposed the termination of this program. That program was given $9.4 million in 1987 and I don't believe there is any request in this budget that program next year.

Secretary HODEL. I would suspect there is none in the budget, Senator Bumpers.

Senator BUMPERS. Why is it not as important to reclaim those mines that were abandoned in counties like my home county as it is to reclaim those lands being mined today?

Secretary HODEL. It is. My understanding—and I may have to say subject to correcting myself if more knowledgeable people behind me have to do that—but my understanding, sir, is that we believe that in the Abandoned Mine Land Fund, States are receiving money which they can use for mineland reclamation, and that what they ought to do is determine what the priorities are for agricultural as well as nonagricultural land.

Rather than having two categories and appropriating a modest amount of money, less than $10 million per year, for the rural abandoned minelands, program, we are considering all abandoned minelands equally. I think we can agree we are trying very diligently not to have that situation arise in newly mined areas.

Senator BUMPERS. Mr. Secretary, there was $9.4 million in that program last year, and this year you are proposing $500,000—that is, for 1988—and that is just the funds to close out those existing rural abandoned mine projects.

Secretary HODEL. Yes, sir.

Senator BUMPERS. That sounds to me like termination of the program.

Secretary HODEL. But it does not terminate the availability of funds, as I understand it, for rural abandoned mines.

Senator BUMPERS. So if the States chose to use their AML funds it that way, they would have that option?

Secretary HODEL. The State has to decide where the priorities lie. What has happened with this particular approach, as I understand it, we have said regardless of what your other priorities are, there is a small amount of money here that will be focused solely on rural land, so that even if it is a third or fourth-class problem there and there is a second-class problem on your other list, you have to spend the money on the third or fourth-class problem. We propose to make one list.

Senator BUMPERS. Okay. We will pursue that further maybe in my office or in yours to make sure we are on the same wavelength. I think that is a very important program.

Secondly, you have proposed to rescind $162 million for the National Park Service, and you are asking for $6 million for land acquisition for 1988. Virtually no money has been requested for the last six years for park acquisition, and yet the President's own Outdoor Recreation Commission has recommended a billion dollars a year.

How do you reconcile what everybody agrees is a deteriorating National Park System with the Administration's obvious intention of abolishing the Land and Water Conservation Fund? You never ask for any money, knowing full well that we were going to appropriate it. You rescind it. We let the rescission go by. It is just a game that we are playing.

And you have asked to rescind $162 million out of this year's——

Secretary HODEL. Senator, first of all, I disagree with the basic premise of your question. I don't think everyone agrees that there is a seriously deteriorating National Park System.

Senator BUMPERS. Well, let's just take the President's Commission which says we ought to be putting up a billion dollars a year for land acquisition and you are asking for $6 million.

Secretary HODEL. But, Senator, that was not based on an assumption or statement that there was a deteriorating National Park System. That was based upon an expectation of increased recreational requirements in the future.

Let me be the first to say it—and I know you know this—we have got areas where the National Park Service is foreclosing recreational opportunities, removing people from the parks, not because of budgetary considerations, but because of their preservation orientation and wildlife considerations.

The Presidential Commission on American Outdoors is dealing with how you and I and others like us will recreate in the future, and I think that is tremendously important. I have discussed the issue of whether we ought to have a billion dollars added, and I think that is going to be a difficult thing.

Senator BUMPERS. We can't do that. We agree on that.

Secretary HODEL. The Chairman of the Commission would say that is not necessarily timely now. That is a longer range proposal.

But that is not in any way a statement that the national parks have deteriorated.

This Congress appropriated and this Administration requested a billion dollars in the first four years of our service for park restoration improvement, and we have improved the health and safety conditions in the parks and the visitors facilities and the like.

Now, land acquisition is unrelated—and I do not know how I can say this strongly enough—it is absolutely unrelated to the quality of the parks. We have committed that land that is within the boundaries of the national parks that is not owned by the Federal Government will be acquired before we would permit it to be downgraded in some fashion by the owner.

But it does not make sense to me, at a time when we have such enormous budget pressure on us, to take money and acquire land that is in no way in jeopardy of being changed or altered in its physical appearance or use and acquire it at enormous expense today, when to do so would probably force us to take the money out of the operating account, which might create a deteriorating park situation.

We need to focus on the visitor's experience in the national parks—80 million acres of national parks. Seventy-seven million of those are owned by the Federal Government, a smaller percentage in the Lower 48 and a larger percentage in Alaska.

Senator BUMPERS. Mr. Secretary, the land acquisition program of the national parks would be non-existent were it not for the Congress. James Watt, your predecessor, who came here in 1981, over my strong protest I might add, never asked for a dime. On the contrary, he was adamantly opposed to the National Park Service acquiring another acre of ground. We put up with that until his demise.

Now this year, you sent a $162 million rescission over here and that includes a $68 million rescission for land acquisition. You say this land is not in jeopardy, but you and I both agree that the pressures on the National Park System are increasing tremendously due to the increase in visitors.

Secretary HODEL. Senator, that will not be solved by land acquisition. There is such a line of misinformation on the parks, it is appalling.

Senator BUMPERS. How do you deal with the intense pressures that have been developing on the National Park System?

Secretary HODEL. I would like to answer that. We proposed to provide visitor facilities in areas where visitors want to go. Let's take Yosemite National Park, the classic example.

There are 6,000 or less acres in Yosemite Valley in a 750 million acre park. Ninety percent of that park is managed as wilderness. We could add a million acres to Yosemite National Park and we would not reduce the visitors in Yosemite Valley by five people a year because people want to go see that.

Old Faithful will draw crowds. What we have to be able to do is see to it that people don't have their visitor experience destroyed when they go to these kinds of facilities.

Now, we can add millions of acres, but unless we also add campgrounds and service facilities, they are not of significant use. They

will not accommodate increased visitors. That is what we now have in some of the wilderness areas of these parks.

So land acquisition—I really feel strongly—land acquisition is not the key. The key is the operating level of the park. That is why this park entrance fee is so crucial to the parks.

Senator BUMPERS. Maybe we should expand the Land and Water Conservation Fund to allow States and cities to receive an even larger share for park land acquisition. Incidentally, every year you send a rescission for that program as well. You recommended, I think, $6 million this year for the Land and Water Conservation Fund.

Every year the Congress appropriates $150, $250 million and every year you send a rescission up here and we ignore it.

Secretary HODEL. You have correctly stated the case.

Senator BUMPERS. You even proposed to rescind $300 million for Hot Springs National Park, and I am chairman of that subcommittee. You know that ain't gonna happen.

Secretary HODEL. I was suspicious that that would be the case, sir; I really was.

Senator BUMPERS. Back, to the bigger picture, why is not the Land and Water Conservation Fund being used as originally envisioned by Congress? We said up to $900 million of revenues from offshore leasing shall be used for this fund, and Congress will decide how much will go in a State participation matching fund program, and how much will go into land acquisition and so on. You are trying to torpedo that program.

Even the State parks in my State are under pressure now because of the tremendous increase in visitation. Why is not the Land and Water Conservation Fund a way to give cities and counties and States the opportunity to buy some land or create new parks where it can be done?

Why would that not relieve a lot of pressure on the National Parks?

Secretary HODEL. Senator, I think you would find, if you went out and ran a careful survey, that if we provided optimum—and I don't mean maximum—optimum development of existing parks, you would accommodate for many years to come the influx of visitors.

The problem that you are raising in the Land and Water Conservation question is this: In this budget time, I am going to have to choose between land acquisition and operation of the parks. I have had to make the choice, and it is not an easy one and it is not a comfortable one, as you know, between those two issues. I have chosen to try to maintain what we have, acquire any areas that are in jeopardy, which is why we continue to ask for what you feel are very small sums, but why we ask for those additional sums, and try to maintain the operating level so that the park experience for Americans visiting the parks and refuges will continue at least at the level it has been, and improve in fact. I think that is where we have been. That does not mean we are in a position to acquire more land in this budget climate.

Senator BUMPERS. Mr. Secretary, we are under time constraints here. Let me just ask you three very quick, short questions.

You have asked for no money for historic preservation and no money for the trust fund for national historic preservation.

Secretary HODEL. Senator, that is consistent with our prior year budget proposals.

Senator BUMPERS. I know it is. Does this Administration have no appreciation for our past history, for preserving something?

Secretary HODEL. You know, Senator, this Administration does not have to take a back seat to anybody on historic preservation. We advocated and supported a tax credit for historic preservation which resulted in over $7 billion being expended by the private sector in historic preservation.

Senator BUMPERS. And I applaud that. You deserve some credit for that.

The CHAIRMAN [presiding]. This Administration is living in history. [Laughter.]

Secretary HODEL. So we have got to be for it. The fact is that we have, in that way, accomplished so much more than could ever have been accomplished with a Federal program, it is inconceivable.

The original concept of the historic preservation account was that we would aid the States in establishing their historic preservation capability, but that it should not be an ongoing, perpetual Federal responsibility. We are trying to carry through with that now and say: "Look, you established it and you either believe in it or you don't."

We have enormous sums spent by individuals. Either they believe in it or they don't. It is not in this budget year, when I compare my alternatives, the place where I would put the additional funds.

Senator BUMPERS. Maybe if we would tell the Administration that the Soviets spend about ten times more on historic preservation than we do, maybe then we would get more money for this program.

Finally, do you know who asked for that Minerals Management Draft Study that BLM had over there? I am happy to say that apparently Bob Burford has torpedoed it, but I was wondering where that came from, who asked for it.

Secretary HODEL. No, I don't. But I would say that——

Senator BUMPERS. Have you read it?

Secretary HODEL. No. I have read press reports only. It never rose to this level.

Let me say that I hope that just because we are not particularly happy with a proposal that someone in the staff of an organization has drafted, that we do not create a situation of criticism and calumny for that individual, thereby stopping independent thinking and imagination and initiative.

Now, I am accused of doing that periodically because I do not support a proposal I don't like that has come out of the bureaucracy, but I try not to stifle that because I think that kind of imagination is important.

The kind of carrying on that has gone on because somebody in the Bureau of Land Management, I believe it was, drafted a proposal which he thought might be more responsive to the needs of America today is unwarranted. I think to put him in a position, or

his superiors in a position where they are embarrassed by it and they say, don't you ever do something like that again, would be unproductive and counterproductive.

Senator BUMPERS. You see, there are those of us up here who see that stuff come out. We do not know how important it is in the Bureau of Land Management or in the Interior Department, and you will forgive us for being a little suspicious about a mindset that may be developing over there.

I must say, I called Bob Burford and we had a long talk about it, and he assured me that he had nothing to do with it and not to worry about it and it would never see the light of day. I was very happy to see in the press the other day that he had said that publicly.

Secretary HODEL. So was I.

Senator, may I make one other comment? That is, that it is not just ideas that you do not like that sometimes surface out of the levels of the Department of the Interior. Other constituencies, other Senators, other Congressmen, see them and hear them as well and are upset and concerned about them.

All I can plead with you for is the kind of approach you took in talking to Bob Burford or, in this case, with me, to find out where we are on it. Believe me, if I thought it were an appropriate thing to do, I would be here defending it, but I do defend the idea that the individual should not be discouraged from thinking about what may be appropriate now as distinct from two or five or ten years ago.

Senator BUMPERS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Secretary. I know those are not all the questions that many of us have and I would invite those members who have further questions to submit them to Mike Harvey, in writing, for delivery prior to close of business Friday, January 30.

Now, we are going to take just a couple of minutes' recess so we can let those who want to get out, get out and those who want to come in, come in.

Mr. Secretary, we would like to invite you to stay and watch the excitement.

Secretary HODEL. Senator, I can't thank you enough for that offer, but I am obligated to be elsewhere.

The CHAIRMAN. I know you are.

We will stand in recess.

[Whereupon, at 11:17 a.m. the hearing adjourned, subject to the call of the Chair.]

APPENDIX

Responses to Additional Committee Questions

Questions Submitted by Senator J. Bennett Johnston

Bureau of Reclamation

1. Question: The President's budget proposes a $98 million increase in construction funds for the Bureau of Reclamation over last year's $602 million. The budget request purportedly emphasizes completion of projects that are well along so that early repayment will be insured.

What were the criteria used to determine the amount by which a project's funding was to be increased or cut back?

Answer: The basic criteria considered in allocating FY 1988 funding to the various projects include:
1. Meeting ongoing requirements on all projects.
2. Funding Safety of Dams work contracts currently underway at full capability level.
3. Funding environmental analysis and cleanup work on the San Luis Unit, Central Valley Project.
4. Executing new contracts on projects which are substantially underway and with large in-place investments and on which major project benefits with accompanying federal obligation repayment can be accelerated by concentrating construction capability on early or timely completion.
5. Selectively funding new contracts on projects with substantial non-Federal financing.
6. Funding new contracts on projects which meet other Department-wide priorities, such as Indian Claims and benefits.

Question: How were these criteria applied, for example, to the Central Arizona project, the WKB project, and the Belle Fourche project?

Answer: The above criteria were considered in connection with all projects. Funding for CAP resulted primarily from criteria covered by categories 1, 2, 4, 5 and 6 above. Conversely, funding for WKB and Belle Fourche was limited to criteria 1 because these projects do not meet the other criteria. In addition, the WKB Project is for municipal and industrial water and the investment is primarily a grant, since 75 percent of the cost is non-reimbursable.

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Bureau of Reclamation

2. Question: Experience has shown that delay in a project's completion usually results in increased overall costs due to contract termination penalties, inflation, costs associated with contractors vacating the site, security measures while the project is idle, and so on. In addition, delay of project completion generally results in a delay of the time when project revenues begin to flow back to the Treasury.

-Do you have any estimates of the additional costs which will result if this policy of concentrating funds on a few select projects is authorized?

Answer: Delays in project completion have historically resulted in added costs. Those costs are generally associated with increased and extended project non-contract costs and overhead combined with the effect of inflation.

If delays include termination of contracts, other cost increases would include termination penalties, shut down and remobilization costs and interim security measures. It should be noted however, that the President's budget does not propose any terminations of existing contracts.

It is also recognized that the nation incurs a cost from project delays that is associated with both a loss of project benefits as well as a delay in reimbursable payment flows to the Treasury.

There is no expectation of additional costs resulting from the proposed re-order of construction priorities. On the contrary considerable savings are expected. By limiting the number of projects receiving construction allocations, the new policy maximizes the dollars devoted to contract construction, and constrains allocable project and regional overhead with respect to both number of years and percent of budgeted resources. The proposal also completes projects earlier thereby accelerating all important project benefits and repayment to the Treasury.

Bureau of Reclamation

3. Question: Although details of the Bureau's budget request are not yet available, there is a substantial reduction in the General Investigations account from $29 million in FY 87 to $11.6 for FY 88. Will this result in a reduction in personnel? If so, where will these reductions be made?

Answer: It is correct that a significant cut is proposed in the planning capability. The Bureau's preliminary indications suggest a reduction of approximately 270 people. This would leave approximately 200 people in the Planning Division. We have not yet completed the internal analysis to assess precisely how and where the reductions will occur.

It should be noted that the proposed restructuring of the Bureau's planning capability is not entirely budget-driven. Without an appropriate restructuring, the present planning capability is significantly in excess of that needed to accommodate all the worthwhile planning opportunities currently contemplated as well as those which we likely will face in the future.

We believe the needed restructuring of the planning activity should be accomplished at this time because the resultant hesitation in completed studies would coincide with the reordering of construction priorities and thereby would prevent newly completed studies from competing for construction resources with temporarily delayed projects as those projects are positioned for accelerated funding in future years.

4. Question: I note that the Administration emphasizes continuation of those studies which may lead to rapid repayment of the Federal investment. What were the specific criteria used to determine which studies would be continued and which would be terminated? For each of those studies to be terminated or delayed, please provide a status report on the progress which has been made on the study to date.

Answer: The criteria used to determine which planning studies would be continued provided that (1) studies scheduled to be completed in fiscal year 1987 would be given first priority; (2) studies scheduled to be completed in fiscal year 1988 would be given second priority; (3) studies that could be accelerated for completion in fiscal year 1988; and (4) certain ongoing plan formulation studies which are considering non-structural solutions to special ground water, water quality and water management problems. One study being performed under private contract also was included for ongoing funding.

A total of 26 ongoing plan formulation, advance planning and special studies were not included for funding in fiscal year 1988. Of that number, 4 plan formulation, 3 advance planning and 2 special studies were initiated in fiscal year 1987 and

very little progress has been made on those studies. The remaining 15 studies (12 plan formulation, 1 advance planning, 2 special) are still in the preliminary stages of investigation. Of those, a summary report was released in December 1986 on the East Central Oklahoma study and a status report on the Northwest Oklahoma study is being prepared for release.

5. Question: Of the studies to be zero funded in FY 88, which, if any, were specifically authorized by Act of Congress?

Answer: Six advance planning studies and seven plan formulation studies that were specifically authorized for feasibility study by the Congress have been postponed in the fiscal year 1988 planning program. The studies in question are as follows:

Plan Formulation

1. Delta Support Studies, California
2. Offstream Storage, California
3. Delta Water Management, California
4. San Juan River Unit, CRWQIP, Ariz., Colo., N.M., Utah
5. Uinta Basin Unit, CRWQIP, Utah
6. Saline Water Use and Disposal Opportunities Unit, CRWQIP, various States
7. Support Division, CRWQIP, Ariz., Calif., Nevada

Advance Planning

1. Kellogg Unit Reformulation Study, California
2. All-American Canal Relocation, California
3. Umatilla Basin Project, Oregon
4. San Joaquin Valley Conveyance Study, California
5. Dirty Devil River Unit, CRWQIP, Utah
6. Yakima River Basin Water Enhancement Project, Washington

Bureau of Reclamation

6. Question: Despite the congressionally authorized increase of the appropriation ceiling for the Small Reclamation Projects loan program, the Administration's budget proposal does not request any appropriation for new small project loans. Are there any loans for which funding could have been requested for FY 88? If so, why was no funding requested?

Answer: Yes, three projects were in the FY 1987 budget as new starts but were removed by the Office of Management and Budget when it became obvious that the appropriation ceiling increase would not be passed before the start of the fiscal year. The three projects are (1) Freeman Diversion Improvement Project, United Water Conservation District, California; (2) Day Creek Project, San Bernardino County, California; and (3) Middle Creek Project, Montana. A fourth project, Stagecoach Reservoir, Upper Yampa Conservancy District, Colorado, could also be ready for construction in FY 1988. The District has completed its application and it is in Washington for processing.

The FY 1988 Budget reflects the Administration's priorities of concentrating on the completion of projects substantially underway and to which a significant financial commitment has already been made, while conforming to the 1991 target of budget deficit reduction in the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act. Accordingly, funding was included in the budget request only to continue the 11 on-going Small Reclamation Loan projects. Seven of those projects are scheduled for completion in FY 1988.

Bureau of Reclamation

7. Question: The Administration budget proposes to sell the existing portfolio of Small Reclamation Project Act loans. What does the Bureau propose to do with future loans?

Answer: The sale of future loans is under consideration as part of the Administration's overall Credit Reform Proposal scheduled to be submitted in March 1987.

Bureau of Reclamation

8. Question: In its FY 87 budget request, the Administration indicated its intent to fund three new small loans contingent upon the Congress enacting an increase in the appropriation ceiling for the program. Congress increased the ceiling. Were those loans funded?

Answer: No. They were not funded in fiscal year 1987 because congressional action for the 1987 appropriations occurred prior to the congressional action increasing the Small Loan Program appropriation ceiling.

Bureau of Reclamation

9. Question: Please provide for the record a copy of the Bureau of Reclamation's budget submission to the Office of Management and Budget.

Answer: We are providing copies of materials prepared in conjunction with the FY 1988 budget submission to the Office of Management and Budget: (1) Statements and Schedules, (2) Supporting Data, and (3) Program Summary.

Committee Note.--Due to the voluminous nature of the materials supplied they have been retained in the Committee Official Files.

Territorial and International Affairs

Cutoff of Education Funding:

10. Question: Last November the President implemented the Compact of Free Association with the Federated States of Micronesia and the Republic of the Marshall Islands. Among its many provisions the Compact provided (in Section 108(i)(2)) for a three-year phase out of Federal assistance for education.

Congress was quite explicit in its intent, as stated in the fiscal year 1986 supplemental appropriations Act, that current Federal financial assistance "shall be available ... until alternative funding is available under the terms of the Compact.:

Although the "phase-out" funds provided by the Compact will not be available until July 1, 1987, the Administration cut off current funding last November. This Administrative action has resulted in an 8-month gap in funding for education in Micronesia and the forced lay-off of teachers.

This action is not only contrary to law but is counter to common sense. As the Administrative Officer responsible for Federal assistance in Micronesia, could you please explain how and why this cutoff of funds has been allowed to occur?

Will you assure this Committee that these people will receive the funds committed to them for their education programs?

Answer: The decision to cut off Education funding was made by the Office of Management and Budget after clearing a full legal review. When the Department learned about this situation, staff immediately began working with OMB and Education officials to understand better the actual impact of the decision. Representatives of the freely associated state governments were briefed fully. We have now written a letter to OMB asking them to reconsider the decision, taking into account the management problems it creates for the governments and the political sensitivity of getting our new relationship with these governments off to a good start. We understand that OMB is reconsidering the issue and we are confident that the problem can be resolved to our satisfaction and that of the freely associated states.

Territorial and International Affairs

Trust Territory Government deficit:

11. Question: The Trust Territory Government (a creature of Interior) has been carrying over its deficit by borrowing from its construction account. With the phase-out of the Trust Territory Government the construction account short-fall will soon come due.

Mr. Secretary, this Committee and the Appropriations Committee have repeatedly warned the Department of the need to eliminate the deficit of the Trust Territory Government in order to avoid having this deficit fall on the heads of the Micronesians.

Why have Congressional warnings been ignored and funding to retire the T.T.G. deficit not been requested?

Answer: The Department has not ignored the Congressional warnings. I have instructed the Departmental Budget Office to work with Territorial and International Affairs staff and the Office of Management and Budget to find a way to resolve this situation.

Territorial and International Affairs

Implementation of Compact:

12. Question: It is very disturbing to me that even though the Compact of Free Association has been in force for only three months, we are encountering problems such as these. How can we expect to maintain good relations with these nations, and to protect our strategic interests in the Pacific, with such a casual attitude toward our commitments?

Answer: I do not believe our attitude is casual. The final Compact legislation resulted in complex implementation problems that few people realized and even fewer understood. This is particularly true with regard to the transition and continuation of Federal programs. In anticipation of these kinds of issues and problems, the Administration established an Interagency Group on Freely Associated States to promote intergovernmental coordination and facilitate problem-solving. The Department is working closely with other Federal agencies, the Trust Territory Government and the Freely Associated States to resolve each of these problems as they arise. I believe the Freely Associated States appreciate the effort we are making and good relations are being maintained.

Minerals Management Service

13. Question: The Department's summary of bureau appropriations for MMS reflects a decrease in resource evaluation due to decreased activity in oil and gas leasing. Upon what assumptions regarding oil and gas leasing are the Department's estimates based?

Answer: OCS resource studies have been conducted in most planning areas to support prelease and leasing decisions. New initiatives in frontier areas have been reduced due to diminished interest by industry. Therefore, during FY 1988, resource evaluation activities will focus on areas of expected industry interest. The projection of industry's exploration plans is based primarily on permit activity, interest expressed in early phases of scheduled lease sales, and the actual level of participation in recent sales. Other assumptions regarding oil and gas leasing activities are based on economic and engineering studies of historical and current market conditions, technological capabilities, and the suitability of existing policies and regulations.

The decrease in resource evaluation's appropriation request reflects recent changes in reimbursement procedures for acquiring Geological and Geophysical (G&G) data as well as the anticipated level of prelease exploration activity. FY 1988 represents the final year of the requirement for funds to reimburse industry for processing costs of data acquired from permits issued on or before September 30, 1985. This appropriation request represents a decrease of $3.1 million from the FY 1987 funding level for G&G data. A projection of the prelease workload combined with program efficiencies and organization restructuring will permit additional savings: personnel compensation savings related to reduced FTE will be accomplished primarily through attrition.

14. Question: The Department seeks an increase in Mineral Revenue Collections in order to establish an AFS agreements data base on the basis that a lack of incorporating this information previously has resulted in a loss of revenues. How much revenue has been lost because of this?

Answer: If all producing unit/communitization agreements were established on the AFS, the MMS could assure that all Federal and Indian leases were receiving the proper allocation of production and the royalties collected were being disbursed to the proper recipients. This would also allow the MMS to assure minimum royalty payment compliance on leases in such agreements. However, there is currently no means to accurately quantify the amount of revenue lost because of this situation. In many cases the money is collected, but may be applied to the incorrect Federal or Indian lease.

Minerals Management Service

15. Question: An increase of $139,000 is requested to accomodate increases in workload related to transportation allowances and appeals of royalty decisions.

Answer: The proposed budget for FY 1988 includes an increase of $139,000 to handle a workload increase in requests for advice and assistance (2 FTE positions) and for expected increases in the number of appeals (2 FTE positions) related to transportation allowances and other royalty payment decisions. The MMS budget is intended to refer to increases in advice and assistance workload rather than the transportation allowance workload. Therefore, answers to the following questions will be provided for both transportation allowances and advice and assistance workloads.

15a. Question: Why has there been an increase in workload related to transportation allowances?

Answer: Transportation allowances are not specifically addressed under existing regulations, rather they are considered under "other relevant matters" in establishing value for royalty purposes. Because no allowance regulations exist, some lessees are unaware that they are entitled to deduct certain transportation costs from royalty payments. Since 1982 there has been an increase in the annual number of transportation allowances requested by industry. This is probably due to outreach efforts on the part of MMS to inform industry of their royalty payment requirements.

Under MMS's new regulations, transportation allowances will be specifically addressed. A further increase in the number of transportation allowances taken by lessees is anticipated for the same reason as cited above--increased awareness, resulting from the publication of transportation allowance regulations. It is estimated that the number of allowances will increase from 10 to 25 percent under the proposed regulations and that a significant increase in workload will be experienced addressing interpretations of regulations and providing advice and assistance.

Under existing regulations, advice and assistance provided by MMS to lessees has increased gradually over the years. This is probably a result of outreach efforts on the part of MMS to inform lessees as to their royalty obligations and to also inform lessees as to whom to contact regarding valuation and allowance issues.

Minerals Management Service

15b. Question: If the proposed regulations published January 15, 1987, relating to product valuation are made final, will this change the workload relating to transportation allowances?

Answer: It will increase the number of allowances claimed by the lessee and substantially increase the workload related to advice and assistance on the new regulations and procedures.

15c. Question: If so, how?

Answer: A major change to the proposed transportation allowance regulations is that MMS approval will not be required prior to a lessee deducting a transportation allowance. However, the lessee will be required to notify MMS as to the nature and amount of allowances to be claimed annually. This information will be used by MMS for allowance monitoring, review, and/or audit purposes. The MMS plans to review transportation allowances based upon existing budgeted staff and will conduct detailed reviews of those costs associated with selected transportation systems, including major non-arm's-length transportation facilities--such as major offshore pipelines. The MMS will review only that number of transportation systems which available manpower will permit.

It is anticipated that when the proposed regulations are published as final rulemaking, the advice and assistance workload to MMS's Royalty Compliance Division, State auditors, and to industry will increase significantly because of their need to interpret and understand the new regulations.

15d. Question: How much has the workload related to royalty appeals increased?

Answer: The royalty appeal workload related to product value has increased slightly over the past several years. Thirty appeals relating to product valuation determinations and transportation and processing allowance approvals were received in FY 1985; 35 were received in FY 1986; and MMS anticipates about 35-40 will be received in FY 1987. In FY 1988, it is expected that the number of appeals will increase to 50 or more due to the publication of final product valuation and allowance regulations. The reason for the increase in FY 1988 is that the new regulations provide for uniformity and clarify of many valuation and allowance issues under which existing regulations are inconsistent, inadequate, or subject to misinterpretation.

Minerals Management Service

15e. Question: Please provide figures on pending royalty appeals in FY 1985, FY 1986, and estimates for FY 1987 and FY 1988.

Answer: The appeals workload on pending royalty appeals in FY 1985, FY 1986, and estimates for FY 1987 and FY 1988.

	FY 1985	FY 1986	FY 1987 Estimate	FY 1988 Estimate
Carry-in	28	283	343	193
Received	350	590	700	750
Dispositions	95	530	850	943
Pending	283	343	193	43

16a. Question: The Department has requested $1,900,000 for Systems Development and Operation to begin work on the software improvements for the royalty management systems.

Specifically, what software improvements does the Department propose to begin with these funds?

Answer: It is assumed all improvements to be made will be made to the accounting environment defined by the Audit and Financial System (AFS) and will be based upon internal requirements and reporting obligations to States and Indian tribes. The intention is to provide more timely and better quality services. The Department of the Interior's Management Action Plan for the RMP called for the establishment of a "software redesign project team" to incorporate improvements in software. This team is now in place and is in the process of defining required improvements. Final specific improvements have not been defined but will be generated and included in a design document. At the conclusion of the in-house design effort, a contract will be awarded for programming and implementation.

16b. Question: What will it cost to complete these improvements?

Answer: As mentioned above, the actual programming and implementation of required software improvements will be completed by a contractor. The contract for this effort will be based upon a competitive award. Due to the competitive nature of such an effort, the exact costs are not known.

Minerals Management Service

16c. Question: What software improvements were made during FY 1986? At what cost?

Answer: In 1986, a new data access system was placed into production. This system, the State and Tribal Support System (STATSS), provides online access for States, tribes, and the BIA to data contained in the RMP's AFS. The 1986 STATSS software design and development costs were $552,066. Also, in 1986 development of the Interagency Data Verification System (IDVS) was begun. IDVS compares data from MMS and BLM systems and reports on all discrepancies found among the data extracts. Approximately $87,000 was spent on IDVS development in 1986. In addition, during 1986, 143 changes/improvements were made to AFS, 131 were made to the Production Accounting and Auditing System (PAAS), and 81 changes were made to the Bonus and Rental Accounting Support System (BRASS) for a total approximate cost of $806,000. These changes were not of a major nature but were made to satisfy high priority internal and external user requirements without systems redesign.

16d. Question: Approximately how much has the Department spent on software since the enactment of the Federal Oil and Gas Royalty Management Act of 1982?

Answer: The five major systems in operation by RMP with total approximate contractor development cost for 1982 to date are as follows:

AFS	$10,858,789
PAAS	$11,522,661
BRASS	$ 1,729,209
STATSS	$ 721,450
IDVS	$ 112,000
Total	$24,944,109

In addition, a contract to convert the AFS from a VAX environment to an IBM mainframe was awarded for a fixed price of $4,200,000.

Minerals Management Service

17a. Question: The Department has also requested an increase of $800,000 and 12 full-time equivalents to provide additional staff and contractural support to assure continued quality systems improvements.

What functions will these 12 full-time equivalents undertake?

Answer: The 12 person Systems Improvement Team will serve as technical experts regarding the implementation of the AFS on the IBM mainframe computer. They will examine and evaluate the need for and cost-effectiveness of various options regarding RMP systems, including the conversion of PAAS and/or BRASS to the mainframe computer, the integration of all RMP systems, and full-scale systems redesign. The ultimate goal of this team will be the creation of a conceptual framework for, and preliminary design of, the future RMP automated systems environment.

17b. Question: Describe the contractual support contemplated by this request.

Answer: MMS plans to augment the above effort with a $250,000 contract for expert consultants. The consultants will provide support and advice in the areas of accounting, auditing, internal control, and management information needs.

18. Question: Under the General Administration Executive Direction account, $118,000 has been proposed to accommodate the escalating workload in appeals related to mineral revenue decisions and allowances.

How much has the workload escalated?

Please provide figures on pending mineral revenue and allowance appeals in FY 1985, FY 1986, and estimates for FY 1987 and FY 1988.

Answer: The Division of Appeals has experienced a significant and continuing increase in its workload. This increase may be summarized as follows:

Year	Appeals Received During Year	Dispositions During Year	Cumulative Backlog
1984	80	52	28
1985	350	95	283
1986	590	530	343

Minerals Management Service

Since January 1986, in excess of $50 million has been bonded by companies that are contesting bills issued by Royalty Management and are appealing to the Director, Minerals Management Service.

In addition, 50 new auditors were authorized by Congress to be hired by the Royalty Management Program in FY 1987. As a result of the intensified audit program, the MMS anticipates a rise in the number of appeals in CY 1987 to approximately 700 and in CY 1988 to 750. New product value and other program regulations will also give rise to different types of legal protests. The appellate briefs and the Director's decisions under the new regulations will tend to be more extensive than the filings and decisions currently being written. This added complexity will require incremental increases in research and professional analysis and may result in increased amounts of staff time required to process appeals.

19a. Question: An increase of $213,000 is requested for telecommunications needs associated with headquarters consolidation.

How will these funds be used?

Answer: The $213,000 will be used to contract for technical expertise to research and determine detailed telecommunications specifications required for Bureau headquarters consolidated space; to pay for necessary alterations to the space to permit installation of the telecommunications switch and related equipment; and to pay travel costs associated with a technical evaluation team established to select telecommunications equipment.

19b. Question: Please describe this headquarters consolidation.

Answer: The headquarters consolidation will provide a single office location for all MMS employees now located in three different geographic locations in Northern Virginia. The General Services Administration (GSA) and Congress have approved this request for consolidated space and the GSA is now in the process of leasing the space.

19c. Question: What was the cost of the consolidation?

Answer: $833,000 has been budgeted for expenses directly related to the consolidation. This increase was included in MMS's FY 1987 budget.

Minerals Management Service

20a. Question: What is the legal basis for subtracting from the "value" of coal for royalty purposes the AML fee and Black Lung Tax, as proposed in the proposed coal valuation rules published on January 15, 1987?

Answer: The legal basis for considering reimbursements paid to the lessee as being a part of the value for royalty purposes are the regulations that have been promulgated by the Secretary of the Interior under the authority granted him by the Mineral Leasing Act of 1920 (MLA)---"Sec. 32. That the Secretary of the Interior is authorized to prescribe necessary and proper rules and regulations and to do any and all things necessary to carry out and accomplish the purposes of this act....."

The legal basis for exempting the AML fee and the black lung tax from value for royalty purposes is that same Section 32 of the MLA. The Department has concluded that such an exemption is proper and is proposing that the coal regulations be so amended. The Department's view is that it is unlikely that Congress intended that royalties be charged on federally imposed taxes and fees and, in any case, it seems inequitable.

20b. Question: What impact will this have on royalty receipts?

Answer: It is estimated that annual royalty receipts would be reduced by about 5 percent.

21. Question: What is the Department's rationale for including take-or-pay payments in the value of gas for royalty purposes?

Answer: Take-or-pay payments under a gas sales contract are part of the consideration for not only the specific quantity of make-up gas which the purchaser could take without further payment, but also for: (1) the exclusive commitment to the long-term contract of all gas which a lesses may extract, and (2) all gas purchased over the life of the contract. The Outer Continental Shelf Lands Act, 43 U.S.C. 1337(a)(1)(a), provides that royalty is a percentage of the value of the production sold. Royalty is not to be paid on the "production," so narrowly defined that it is viewed only in separate increments extracted in separate periods of time. Value received cannot be made to correspond or be applied only to a particular incremental quantity of gas which may be extracted at some later date. The lessee's obligation is to pay royalty on the full value received from disposition of the gas over the life of the lease.

The "value of the production sold" includes the total consideration received from commitment or purchase of gas under the contract. It, therefore, includes take-or-pay revenues. For

Minerals Management Service

the same reason, take-or-pay revenues are also part of the "gross proceeds" received for disposition of the gas as provided under 30 CFR 206.150. "Gross proceeds" are defined as the field price for the gas plus any additional sums which the purchaser must pay as a consideration for the purchase of gas. Wheless Drilling Co., 80 I.D. 599, 13 IBLA 21 (1973; Hoover & Bracken Energies, Inc. v. Department of the Interior, 723 F. 2d 1488 (10th Cir. 1983), cert denied, 105 S. Ct. 93 (1984). By regulation, value for royalty purposes cannot be less than gross proceeds.

A lessee is obligated by law to market the gas for the mutual benefit of both the lessor and the lessee and to obtain the best price obtainable for the lessor's share. If the lessee does not give the lessor the same benefit for contractual commitment of the lessor's interest as the lessee receives for its contractual commitment of interest, the lessee has breached the duties and responsibilities it assumed when it entered into its lease contract.

22a. Question: I understand that the Department, in cooperation with the States of Alabama, Louisiana, Mississippi and Texas, plans to undertake a study of minerals in the Exclusive Economic Zone in the Gulf of Mexico.

How will this study be funded?

Answer: The study will be funded through a cooperative agreement with the involved States. The Department of the Interior/Minerals Management Service is authorized by Section 19 (e) of the OCS Lands Act to enter into cooperative agreements with affected States to jointly conduct resource assessment and other activities consistent with that Act. Under Section 8 (k) of the OCS Lands Act, the Secretary is authorized to grant leases on the OCS of any mineral other than oil, gas, and sulphur on the basis of competitive bidding under terms and conditions he considers appropriate. The money transferred under this cooperative agreement will be provided from the appropriated funds that have been allocated for resource evaluation activities.

22b. Question: At what level will this study be funded?

Answer: It is anticipated that $175,000 - $200,000 will be transferred to the involved States during 1987. This funding will be used to review and evaluate existing data on minerals other than oil, gas, and sulphur and conduct economic feasibility studies on those prospects that industry recommends be considered for development or are needed for public works projects, such as sand and gravel for beach replenishment.

Office of Surface Mining Reclamation and Enforcement

23. Question: The Department has requested an increase in the Office of Surface Mining's Regulatory Program Operations account for use for data validation and State oversight activities in implementing the Applicant-Violator System (AVS), which will be used to deny new permits to those who violate the Surface Mining Control and Reclamation Act (SMCRA). Specifically for what data validation and State oversight activities will these funds be used?

Answer: Data validation activities will assure the effectiveness of the AVS as an enforcement tool. These activities will include records checks concerning issues of ownership and control involving the "relatedness" of violators (e.g., percentages of ownership in a permittee and the relationship of individuals to corporations and their subsidiaries); monitoring and records' checks by inspectors to ensure that information is accurately entered into the AVS; and cross-checks of information furnished by applicants in cases where a permit is blocked. Oversight activities will include checks of State permit records to assure whether they are fully complying with AVS requirements, and overall assessments of the quality and timeliness of State efforts.

24A. Question: An additional $100,000 and two full-time equivalents have been requested to verify AVS data on owners and controllers of operations that habitually violate SMCRA and who have multi-state interests. Is this the total amount of resources that will be allocated to this purpose?

Answer: No. Existing resources from OSMRE's current personnel target will also be devoted to this task.

24B. Question: If not, what are the total resources that will be so allocated?

Answer: Total resource requirements will not be determined until the system becomes operational on October 1, 1987, and these needs can be better evaluated.

24C. Question: What information on owners and controllers is being verified, and how will this be done?

Answer: Information on owners and controllers to be verified includes data on the percentage of ownership in a prospective permittee; the relationship of individuals to specific corporations and their subsidiaries; validating dates and time periods for which

individuals were involved with a particular entity; and reviewing information supplied by the applicant concerning penalties incurred, etc. This is accomplished by various types of records' checks, including those done by staff working directly on the AVS and those done by inspectors, who assist by examining permit and violation files to assure that violations are properly entered in the system.

25A. Question: I note that the Department proposes to eliminate 15 FTE's from Technical Services, Training and Research. Please provide for the record back-up data demonstrating the decline in workload in mine plan review justifying this decrease in FTE's.

Answer: The reduced workload in reviewing new mining plans results from the completion of a peak workload period. In the first years after the States obtained primacy, there was an increase in the filing of new permit applications. OSMRE therefore expanded the resources devoted to mining plan review. This peak period, however, has ended. The Fiscal Year 1987 Budget Justifications stated that the "cumulative workload includes a total of 323 permit applications and 10 EISs (environmental impact statements," and also noted that the workload included 130 new permit applications expected to be received during the year and 193 new applications carried over from Fiscal Year 1985. In contrast, for Fiscal Year 1987 OSMRE now predicts a decrease in workload to 248 permit applications and 8 environmental impact statements, which includes 125 new applications and 123 carried over from the prior year. This demonstrates that both new and carryover workloads have declined.

25B. Question: What is the average amount of time currently required for mine plan review by OSMRE?

Answer: The review of a new mining plan normally takes an average of three months. This time frame, however, can vary considerably depending upon the size of the proposed operation and the potential reclamation issues encountered. For example, the review process could take a year or more if preparation of an environmental impact statement is necessary. It should also be noted that the mining plan review workload also includes activities other than the review of new mining plans. Modifications to plans already approved are assessed, as are permit renewals, and mandatory mid-term permit review functions are performed.

26. Question: Did any employees leave OSMRE rather than be transferred under the decentralization initiative? If so, how many?

Answer: At present, approximately 68 positions have been designated for reassignment under the decentralization initiative. Of the employees occupying these positions, five have resigned, four

have retired, and twelve have transferred to other Federal agencies. The remaining employees have either accepted relocation offers, been reassigned to other Headquarters positions within OSMRE, are on details to various offices within the bureau, or are working in their current positions until an actual transfer of function occurs.

27. Question: What is the total unobligated funding available to the States for State reclamation projects. Please provide this information on a State-by-State basis.

Answer: The following table depicts that States' unobligated balances of construction funding as of December 31, 1986.

State	Unobligated Balance
Arkansas	201,715
Alabama	8,104,188
Alaska	112,201
Colorado	2,883,430
Illinois	4,329,052
Indiana	6,848,718
Iowa	848,000
Kansas	150,999
Kentucky	34,181,303
Maryland	1,383,701
Missouri	13,095,310
Montana	5,912,045
New Mexico	1,835,812
North Dakota	1,115,484
Ohio	14,363,610
Oklahoma	1,645,843
Pennsylvania	91,120,078
Texas	107,937
Tennessee	0
Utah	1,131,065
Virginia	6,237,304
West Virginia	39,986,795
Wyoming	36,676,149
TOTAL	272,270,339

Office of Surface Mining Reclamation and Enforcement

28. Question: What is the total amount in State reclamation program grant money that will be available to the States in FY 1988, including new budget authority and any unobligated balance which the Department is assuming is available to the States for new State reclamation activities? Please provide this information on a State-by-State basis, if available.

Answer: OSMRE's Fiscal Year 1988 proposal includes $150,660,000 in new budget authority for AML grants. Tentative allocations for Fiscal Year 1988 are now being determined for individual States, and will be forwarded to the Committee as soon as they are available. It will not be possible to provide estimates of the unobligated funding to be carried over into the next fiscal year by the individual States until much later in the current year.

Bureau of Mines

29.Question: As the new Chairman of the Critical Materials Council, do you see the Council taking a more aggressive and effective role in minerals policy than it has in the past?

Answer: Yes. Strategic and critical materials play a fundamental role in the development of a vigorous economy and strong national defense. Economic strength is vital to our ability to keep the peace of the world and, if necessary, defend militarily against foreign attacks upon the liberty of the United States or our allies. We could not be content with a situation where we lack the availability of materials critical to ensuring our peace and freedom.

We must be sensitive to those policies and programs which could have adverse consequences to the critical and strategic capability of the Nation, which impact the health of our domestic minerals industry, and which limit our ability to stay abreast of advances in technology.

I look forward to working aggressively with William Martin, Deputy Secretary of Energy, and Tom Moore of the Council of Economic Advisers, my fellow members, to develop options which will facilitate our domestic industry's ability to make an effective contribution to the Nation's economic health and strategic well-being.

30.Question: The proposed FY 1988 budget would cut Minerals and Materials Technology by $3.8 million. Specifically what research efforts will no longer be funded?

Answer: The decision was made to reduce or eliminate lower priority research totaling $2.2 million. In the category of Vulnerable Strategic and Critical Minerals, research will be reduced and redirected in certain aspects of supercritical fluids processing. For Minerals and Metals Essential to the Nation, basic research will be eliminated on solvent extraction and plasma processing technology. Research on development of methods to process the domestic minerals alunite and perovskite for aluminum, titanium, potash, and rare earths will be concluded. Research associated with the high-temperature smelting of metal-bearing mineral processing wastes will be discontinued, as will the application of laser technology to the high-temperature characterization of refractories.

Contract research totaling $1.0 million at the Idaho National Engineering Laboratory on supercritical

fluids, use of ultrasound in extractive metallurgy, and nondestructable evaluation of ceramic and rapidly solidified alloy (RSA) joints will be concluded, and research on the substitution of catalytic materials for platinum will be reduced.

Also, contract research being conducted by St. Joe Minerals Corporation to convert zinc oxide flue dust to metallic zinc will be completed during FY 1987.

31. Question: The Department is seeking a $16.6 million rescission of funds. From what specific accounts will these funds come?

Answer: Efforts which would not be conducted as a result of the rescission include:

Health and Safety Technology (-$5,700,000): Grant funding to the Generic Center for Respirable Dust would be discontinued (-$2,500,000); rock burst and mountain bump studies in Ground Control (-$911,000), Industrial Hazards efforts in robotics (-$671,000), and Mine Disaster Prevention efforts in methane control and drainage, fires and explosions, and post disaster research on evaluation of self-contained self-rescuers (-$1,618,000) would be reduced.

Mining Technology (-$3,806,000): Surface proof of concept validation of mining machinery would be terminated (-$917,000); funding of the in situ copper mining demonstration would be reduced (-$900,000); efforts on water decontamination studies and acid mine drainage control would be reduced (-$1,422,000); and subsidence control research would be reduced (-$567,000).

Mineral Institutes (-$7,088,000): Federal funding for allotment and research grants would be discontinued.

32. Question: I understand that on January 7, 1987, the Bureau of Mines submitted a "consolidation assessment" to Congress and announced the closing by March 1, 1987, of its research center at Avondale, Maryland. This was done in disregard of the language of the House Report which accompanied the FY 1987 Continuing Appropriations Resolution and which was adopted by the conferees. That language stated:

> The Committee believes that a full assessment of any action to consolidate or close research centers must be undertaken before such action occurs. Therefore, the Bureau is to provide such a report at the time of their hearing before the Committee on their fiscal year 1988 budget

request, to discuss their recommendations before undertaking any activity of this nature.

Why has the Department chosen to circumvent the intent of Congress by proceeding with the closing of the Avondale Center at this time?

Answer: Consolidation of the research facilities of the Bureau of Mines has been under consideration for two years. The Avondale facility was identified in early 1986 as the most likely candidate for closure. Director Horton, in his testimony on March 27, 1986, before the Senate Subcommittee on Interior, Committee on Appropriations, noted that closure of the Avondale facility was contemplated. Although the Bureau of Mines wanted to close the facility in the summer of 1986, action was delayed until the appropriations process was completed. Additions to the appropriations for the Minerals and Materials Research program did not alter the need to reduce facility costs, and closure of the Avondale facility was still deemed imperative. Action was delayed, however, until January 7, 1987 when Congress would be in session.

As Secretary I believe my responsibility is to provide policy guidance and to make management decisions which will enable carrying out the work of the Department as efficiently and effectively as possible within the terms of our authorizing statutes and within the funding provided in our annual appropriation acts. I trust my dealings with the Congress these past four years have evidenced my intentions to cooperate fully with the Congress to the extent consistent with my responsibility under the laws.

Because of my respect for the Congress as a co-equal branch of the Federal Government, I normally will abide by committee report language even though I personally might disagree with it. A problem of different proportions is created, however, when committee report language conflicts with my considered view that, if I were to be guided exclusively by the report language, I would not be living up to my constitutional executive responsibility to exercise my very best judgment at all times within the terms of applicable law.

The Comptroller General has ruled that restrictions on use of lump sum appropriations contained in committee reports are not legally binding unless carried over into legislation. E.g., 55 Comp. Gen. 307 (1975); 55 Comp. Gen. 812 (1976). As my predecessor, Bill Clark, stated in a letter to Chairman Yates of the Subcommittee on Interior, House Committee on Appropriations, dated May 26, 1984, there may be

situations that require action without further consultation. The closure of Avondale is such a situation and is fully consistent with the Comptroller General's rulings. For these reasons, I deem it appropriate to proceed, without further delay, with the closure of the Avondale Center.

Geological Survey

No funds are requested for FY 1988 for the coastal erosion processes study begun in 1986. In testimony last year, the Department stated that $10 million, from all sources, would be necessary to complete the GS study on coastal erosion.

33a. Question: What is the status of this study?

Answer: At the end of FY 1987 the USGS, in cooperation with the Louisiana Geological Survey, will have completed two years of study. Accomplishments during the first year include:

-- The first precision bathymetric survey off the central Louisiana coast in the vicinity of Isles Dernieres since the 1930's. These data have been compared to historical data to determine volumes of sediment that have been eroded.

-- Seismic reflection survey and major coring effort to collect 125, 40-foot-long cores of sediment from offshore central Louisiana in the vicinity of Isles Dernieres. These data are being used to provide a broad regional understanding of the geological development of the central Louisiana coast and will contribute to a conceptual understanding of the processes involved.

-- Installation of current and wave sensors on a barrier island in the Isles Dernieres. These instruments are designed to measure the waves and currents flowing over a barrier island during a storm. The data are critically important to quantifying the processes of barrier island erosion during storms.

-- Historic tide gauge records have been compiled and analyzed to quantify relative sea level rise in Louisiana. Increases in sea level due to land subsidence and world-wide water level increases are primary factors of erosion and landloss.

In the second year of the study (FY 1987), we plan:

-- To further define the geologic development of barrier islands with another seismic cruise and the acquisition of additional sediment cores in the vicinity of the Chandeleur Island.

Geological Survey

-- To continue measurements on the Isles Dernieres of waves and currents flowing across barrier islands during storms.

-- To begin measurements offshore of Fourchon of waves, currents, and sediment transport to determine whether sand is permanently lost offshore during storms.

-- To continue detailed analyses of the first year's data from the Isles Dernieres region.

In all aspects of the study, USGS researchers are working cooperatively with researchers from the Louisiana Geological Survey. At the end of FY 1987, initial analyses of geophysical and bathymetric surveys, sediment and core samples, and data gathered during field experiments will be made available to the State of Louisiana and other concerned Federal, State, and local agencies.

33b. Question: How much has been expended to date on this study?

Answer: During FY 1986, $1.5 million was expended on the study. For FY 1987 to date, $0.9 million has been obligated out of the appropriated $1.5 million. These funds include our cooperative agreement with Louisiana Geological Survey, salaries, indirect costs, and other contracts for field services and equipment.

33c. Question: How much would be necessary to complete the study?

Answer: After FY 1987, approximately $7 million from all sources would be required to complete the study as originally planned. Activities would include:

-- Conduct surveys to determine the geological development of barrier islands including geophysical surveys, surface sediment sampling, and offshore cores.

-- Conduct experiments to quantify the processes of barrier island erosion, including the installation of instruments to measure currents, wave action, and sediment transport.

-- Analysis of results and report writing.

Bureau of Land Management

34. Question: Does the Department expect to issue about the same number of onshore oil and gas leases as it has in previous years?

- How many onshore oil and gas leases were issued during 1986? Please provide information by state (if available) on the number of leases issued over the counter, under the simultaneous oil and gas lottery, and competitively and the acreage involved.

Answer: The leasing level for 1988 is expected to be about the same as in previous years.

The requested leasing information for 1986 follows:

LEASES ISSUED IN FY 1986
BY STATE

STATE	OVER-THE-COUNTER		SIMULTANEOUS		COMPETITIVE		TOTAL	
	LEASES	ACRES (000)	LEASES	ACRES (000)	LEASES	ACRES (000)	LEASES	ACRES (000)
AK	206	187.3	13	4.1	0	0	219	191.4
AZ	70	320.9	14	27.3	0	0	84	348.2
CA	36	68.7	105	77.5	0	0	141	146.2
CO	57	122.9	505	666.4	49	9.7	611	799.0
ESO	247	188.0	270	238.5	81	17.9	598	444.5
ID	6	11.8	41	89.9	0	0	47	101.7
MT	170	156.3	1,081	1,374.3	56	8.7	1,307	1,539.3
NM	252	774.4	739	766.1	261	45.9	1,252	1,586.3
NV	57	142.9	245	687.6	5	.7	307	831.2
OR	44	95.7	37	187.5	0	0	81	283.2
UT	35	37.3	552	937.2	81	34.0	668	1,008.4
WY	89	65.3	2,722	2,302.8	758	240.2	3,569	2,608.2
TOTAL	1,269	2,171.5	6,324	7,359.1	1,791	357.1	9,884	9,887.7

Bureau of Land Management

35. Question: Does the Administration plan to propose legislation this Congress making changes in the requirements of the Mineral Lands Leasing Act of 1920, as amended, relating to federal coal leasing? If so, please describe.

Answer: The Department supports amendments to Section 7 of the Mineral Leasing Act to give lessees the option of paying a recoupable holding fee. Section 7 terminates any lease acquired after the Federal Coal Leasing Act Amendments of 1976 that has not entered into production by 10 years from the time the lease was issued. Lower than expected coal demand and prices, along with the amount of time it takes to bring a lease into production because of permitting requirements, have made it economically and technically unrealistic to bring leases into production in 10 years. At this point, no no specific legislation on this issue has been approved within the Administration.

Bureau of Land Management

36. Question: The Department proposes an increase of $0.2 million in mining law activity.

- o What is the increase in funds specifically for?
- o What is the impetus for requesting additional funds for FY 1988?

Answer: The $200,000 program increase will be used to conduct additional validity examinations on mining claims, particularly those within wilderness areas, and surface management and land status determinations in the lower 48 States.

This increase is proposed in response to GAO investigations criticizing BLM for failure to eliminate claims located on lands that were closed to entry on the day of location and for failure to adequately ensure that reclamation had successfully been completed on surface mining operations.

Fish and Wildlife Service

37. Question: The Department's budget proposed to transfer $25 million in Dingell-Johnson (D-J) receipts to the Fish and Wildlife Service's basic operating account rather than sharing these funds with the states. The rationale for this proposal seems to be that since the revenues in the D-J fund have increased so sharply in recent years, some of this "extra" money should be made available for purposes other than what Congress originally intended.

As you know, entrance and user fees collected by the Department (primarily by the National Park Service) totalled $39 million in FY 1986; are estimated to reach $65 million in FY 1987; and you are requesting that over $90 million be raised in FY 1988. Given these sharp increases in fee revenues and in light of your proposed transfer of D-J funds, what assurances can you give us that future budgets will not recommend using these "extra" fee revenues for other purposes?

Answer: The transfer of Dingell-Johnson (D-J) receipts to the Resource Management Appropriation is a one-time proposal. A similar transfer of D-J receipts is not currently contemplated.

National Park Service

Fees

38. Question: Last October, the National Park Service estimated that it would raise approximately $50 million in fees during FY 1987. Does it appear that your estimate will be reasonably accurate?

Answer: Based upon visitation patterns in the 2 preceding years, the National Park Service has projected an estimated $52.8 million in revenues from all fees in 1987. Since the new and expanded fee programs have been in effect only since February 2, 1987, it is impossible to draw any concrete conclusions about the validity of the Service's revenue projections at this time. In addition, until the Service has had an opportunity to gauge the response of visitors during the peak summer visitation period when all parks participating in the program will have initiated the new fees, the Service will have no rationale to adjust its revenue projections. The Service believes that its initial projections, determined through a careful park-by-park analysis, remain the most valid estimate at the present time.

38a. Question: The proposed budget for FY 1988 estimates that $74 million can be raised from fees. Given your experience thus far in FY 1987, is this a reasonable estimate?

Answer: The Service, beginning February 2, 1987, has implemented new or increased entrance fees at most of the 134 parks earmarked for a new or expanded fee in 1987. The remaining parks included in the 1987 fee program will begin charging fees shortly, as modified facilities and procedures are put in place. At this time, the Service does not have enough collection data to either verify or adjust the 1987 estimates. Since the 1988 revenue estimate was developed from the 1987 projections, with some changes in the fee structure, there is no basis at the present time to adjust the projected 1988 revenue of $74.3 million.

38b. Question: Various Members of Congress have been receiving mail from constituents critical of some of these fee increases. What response has the National Park Service had from visitors faced with new or increased fees?

Answer: Although the new fees have been in effect for only a short time, the Service has received a generally favorable response from visitors affected by the rate changes. During the first day of the new fee at the Statue of Liberty, for example, visitors who were asked about their feelings concerning the imposition of a fee for a previously free area expressed overwhelming support for the fee concept. The Service continues

to believe that the American public will support a reasonable fee structure as long the fee dollars are made available to the Service for upkeep and enhancement of the park areas, visitor services and park programs. Public response concerning support or opposition to the fee program can best be measured over the long term, including the peak summer visitor season. The Service will be monitoring public reaction to the program during 1987 and, if permanent fee authority is enacted by Congress in 1988, will implement any necessary adjustments to ensure that an equitable and reasonable fee program is in place.

39. Question: How is the Department proposing to allocate the $74 million in fee revenue in FY 1988 within the programs of the National Park Service?

Answer: The $74.3 million in projected fee revenues for 1988 will be used to enhance interpretation, research, resource management and maintain natural resources through the programs listed below:

(in Millions of Dollars)

	Amount
Fee Collection	$11.6
Covers the cost of collection in all parks with recreation fees.	
Harpers Ferry Center	6.9
Funds all design and development work for interpretive displays, audiovisual materials, signing, and curation work performed at the Harpers Ferry Center.	
Visitor Transportation Systems	2.6
Funds all major visitor transportation systems.	
Cultural Resource Preservation Program	6.2
Funds a variety of studies and research related to cultural resources, as well as the stabilization and preservation of historic sites, archeological resources, cultural landscapes and museum collections.	

Natural Resource Preservation Program	7.6
Funds short duration natural resource management, monitoring, and research projects.	
Informational Publications	4.0
Covers all informational publications developed at Harpers Ferry Center, with increased emphasis on production of park brochures for visitors.	
Volunteers-in-Parks	1.0
Funds minor out-of-pocket costs for volunteers who provide services to park visitors that otherwise may not be available.	
Cultural Cyclic Preservation	7.5
Funds the cost of cyclic preservation of cultural resources.	
Repair and Rehabilitation of Park Resources	8.4
Covers that portion of the Repair and Rehabilitation Program that contributes to the protection and preservation of park resources.	
Enhanced Park Operations	18.5
A portion of the fee revenues will be returned directly to the park areas to enhance park operations, specifically interpretation, research, resource management, and maintenance of natural resources.	
Total	74.3

Land Acquisition

40. Question: Since 1981, you and your predecessors at the Department have submitted budgets to the Congress requesting virtually no money for land acquisition in parks, wildlife refuges, etc. At the same time, the Administration has opposed new additions to the park and wildlife refuge systems on the grounds that a huge land acquisition "backlog" exists which must be reduced before new areas can be added.

How do you propose to reduce the land acquisition backlog if you refuse to ask for money for that purpose and seek to rescind what little money that Congress does appropriate? It is beginning to look to some of us that you don't really want to solve this problem because it is a good excuse for not moving forward with new park and wildlife areas. Does the Department have a plan for eliminating or at least making a dent in this backlog?

Answer: The Federal Government currently holds over 730 million acres of land. The President's budget for 1988 would allow $55 million for land acquisition, primarily using $38 million in receipts from the Migratory Bird Conservation Fund and $16 million in funds requested for the National Park Service. Given the fiscal constraints mandated by the Congress in the Balanced Budget and Emergency Deficit Control Act (P.L. 99-177) and concurred in by the Administration, it was necessary to make difficult choices in the Departmental budget. Our principal priority is to adequately fund day-to-day operations and maintenance for the Bureaus. We, therefore, prefer to postpone land acquisition, except for emergencies involving inholding areas and wetlands, so as not to impair the primary missions of the National Park Service and Fish and Wildlife Service. However, we are aggressively pursuing land exchange opportunities within both Bureaus as a low cost means to acquire additional park and refuge lands.

Bureau of Land Management

41. Question: Does the Administration plan to submit legislation to the Congress this year regarding grazing fees? If so, what will it contain and when can we expect it?

Answer: No, it is the Administration's position that Executive Order 12548, which continues the formula originally established by Congress in the Public Rangelands Improvement Act and which additionally sets a minimum grazing fee of $1.35/AUM, provides a satisfactory mechanism for establishing the fee.

National Park Service

Ellis Island

42. Question: What is the status of the Statue of Liberty-Ellis Island Project? Have the National Park Service and the Statue of Liberty-Ellis Island Foundation reached an agreement on how best to develop and/or preserve Ellis Island?

Answer: The Statue of Liberty National Monument restoration is now 80 percent complete. Final adjustments to the protective glass at the elevator and additional treads for the inside stairs are now being accomplished. Final landscaping is scheduled for this spring, and all contract work is expected to be completed by July 1, 1987. At the Ellis Island National Monument, construction is proceeding on schedule. Final installation of the island's mechanical systems is being accomplished at this time, and regrouting of the Guastavino ceiling in the Main Building has just been finished.

The National Park Service, the Statue of Liberty-Ellis Island Commission, and the Statue of Liberty-Ellis Island Foundation are in agreement on rehabilitation and development approaches for the northern end of Ellis Island. Agreement between the Service and the Statue of Liberty-Ellis Island Commission regarding development and use of the southern end of Ellis Island remains unresolved at this time. Meetings and discussions toward resolution of disagreements continue. The Statue of Liberty-Ellis Island Foundation is not involved in official discussions concerning development of the south end of Ellis-Island.

Bureau of Land Management

43. Question: Will the Administration transmit its BLM-FS Interchange proposal to the Congress this year? Will the measure be similar to the one introduced by Senator McClure in the last Congress? Please discuss any anticipated differences between the two proposals.

Answer: The BLM-FS Interchange proposal is expected to be resubmitted to Congress this year and is essentially the same as the one introduced in the 99th Congress by Senator McClure (S.R. 2789) and Representatives Udall, Young, and Regula (H.R. 4303). The changes that have been made are minor and cover miscellaneous wording and date changes to provide better clarity. BLM and the FS are planning to initiate a new round of congressional consultations on the proposal.

Land and Water Conservation Fund

44. Question: As you know, the funding authorization for the LWCF expires at the end of FY 1989. Let's forget for a moment about specific funding levels, trust funds, alternative funding sources, etc. In general, do you support the notion of pursuing the LWCF concept beyond the next fiscal year or do you believe that the fund should not be reauthorized? If you support the basic concept, are you prepared to work with the Congress in seeking some level of funding reauthorization during the next year?

Answer: I recognize the importance of protecting and preserving critical habitat, wetlands and areas designated by Congress as refuges and parks. Therefore, I would hope to resume a land acquisition program when the fiscal situation permits. The choices are whether money should be appropriated from the general fund of the Treasury or from the LWCF with receipts from offshore leasing or whether there should be some other special funding arrangement. Clearly, the ability to continue acquiring lands after 1989 does not depend on the reauthorization of the LWCF. However, we are not yet prepared to take a position on these choices.

National Park Service

Greater Yellowstone Ecosystem

45. Question: I have noticed several press reports recently regarding adverse impacts on Yellowstone and Grand Teton National Parks from various development activities on surrounding National Forest lands. What are your personal views on the responsibility of the Park Service to protect these and other parks from the effects of adverse development on adjacent lands?

Answer: Under the 1916 Park Service Organic Act, Congress specifically directed the National Park Service to " ... conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations." To effectively accomplish such a mandate, it is necessary to address existing and potential problems both within and outside parks that may be affecting park resources. Therefore, I support Director Mott's statement that "...in instances where nearby land uses have a potential to affect unit resources, the National Park Service will seek to mitigate or eliminate adverse impacts through cooperation, coordination, and consultation."

In order to ensure that resource threats are addressed, we revised the Departmental Manual in October 1986 to incorporate a statement that it is an objective of the Department of the Interior and each of its bureaus to resolve resource threats among land and resource management agencies through threat anticipation, avoidance, and resolution. This, together with the interagency process now well underway (discussed further in response to the next question), is a positive and constructive process to address issues that transcend administrative boundaries. We believe important successes have already been achieved; e.g., development of Grizzly Bear Management Guidelines and coordination of winter sports activities. We are confident that park, forest, and other land management missions can be reasonably accommodated and coordinated.

45a. Question: Do you feel that these two particular national parks have been or may be adversely impacted by development activities on adjacent federal lands?

Answer: Yellowstone and Grand Teton National Parks are affected by activities on adjacent lands. However, these effects are often difficult to identify and quantify and are not necessarily adverse to park interests. For example, surrounding lands contribute to the diversity of wildlife habitat and provide critical range for a number of large mammals. The crucial question that must be addressed now—and one that I think the National Park Service, Fish and

Wildlife Service, and Forest Service are in the process of answering—is whether the management of protected resource areas in the greater Yellowstone area can be better integrated to improve the functional viability of and the integrity of the natural systems in these areas for this and future generations.

45b. Question: Could you discuss the status and the goals of the joint Park Service/Forest Service study on the Greater Yellowstone Ecosystem?

Answer: The study that the question refers to is "An Aggregation of Plans for the Greater Yellowstone Area," now underway by the National Park Service and the Forest Service. The goals of the study are to aggregate resource information from the resource management planning documents of the two national parks, six national forests, and two wildlife refuges in the greater Yellowstone area; to assess the current ecological and economic conditions of the area; to predict the ecological and economic conditions of the area in 10 to 15 years given the management activities that the areas are planning; and to look at options for interagency coordination and cooperation on these activities.

The study is in its final phase and is targeted to be available to the Congress and the public by August 1987. The results of the study should improve understanding and be the basis for an indepth discussion of adjustments to the present management direction in the greater Yellowstone area by the Greater Yellowstone Coordinating Committee, if indicated. The Committee is made up of the Regional Director for the National Park Service Rocky Mountain Region; the Regional Foresters for the Forest Service Northern, Rocky Mountain, and Intermountain Regions; the Superintendents of Yellowstone and Grand Teton National Parks; and the Forest Supervisors for Beaverhead, Gallatin, Custer, Shoshone, Bridger-Teton, and Targhee National Forests.

Technical Assistance to States

46. Question: What is the rationale for eliminating all funding (approximately $1 million) to provide states with technical assistance for river and trail conservation. I thought one of the Department's goals was to encourage the conservation and protection of these resources at the state rather than the federal level. Shouldn't we provide some minimal amount of money to help the states in this effort?

Answer: The National Park Service has always assumed a cooperative rather than a leadership role in the conservation of non-Federal rivers and trails with State and local jurisdictions. The Administration believes that cooperation in rivers and trails conservation at the local level does not necessarily have to take the form of appropriated Federal staff programs. Other forms of assistance may include providing local jurisdictions with the most recently developed professional and technical data available, and by providing Federal representation at State and local conservation organization meetings. Congress has provided $5,708,000 for the State and Local Rivers and Trails Conservation Program since 1983. However, in an effort to control Federal spending, the Service must concentrate on insuring that sufficient funds and staff are available to operate and protect areas under direct Federal administration which must take precedence over non-Federal activities.

Questions Submitted by Senator Wendell H. Ford

Office of Surface Mining Reclamation and Enforcement

1. Question: The Department's proposed budget includes a transfer of $1.3 million from the Abandoned Mine Reclamation (AML) Fund to cover increased 1987 pay and retirement costs in the Regulation and Technology appropriation. The Surface Mining Act set up the AML Fund as a trust fund to be used to reclaim abandoned mine lands. Why should the AML fund be used for these personnel costs?

   Answer: OSMRE has done a detailed analysis of the options available to pay for the increased pay and retirement costs required during Fiscal Year 1987. These costs are uncontrollable and our options are limited. The transfer can be accomplished without reducing the level of funding available for reclamation projects during Fiscal Year 1988 by using unobligated balances from current year funds in the Reclamation Program Operations subactivity. These funds are available since underruns in the cost of completed projects that were obligated in previous fiscal years provide funds that compensate for the transfer of new budget authority. None of the funds derived from the transfer would otherwise be available as grants to the States; the transfer would come entirely from resources to be used for Federal operations. Full absorption and allocation of additional costs to the Regulation and Technology appropriation would have required cutbacks to some Congressionally mandated initiatives specified in the conference report for the Fiscal Year 1987 permanent continuing resolution. Hence, the most viable option appears to be to transfer $1.3 million from the AML fund.

2. Question: Once again, despite Congressional opposition, the Department has proposed to discontinue the Rural Abandoned Mine Program (RAMP). What assurances does the Department have that the projects which would be undertaken under RAMP will in fact be undertaken under the AML program?

   Answer: The Department believes that RAMP type projects can be accomplished through the States' AML programs. The States have demonstrated the ability to carry out comprehensive AML programs that address a variety of problems, including those often undertaken through RAMP. Consequently, the overhead used by the Soil Conservation Service to administer the RAMP program is an unnecessary program cost. Available financial data show that the cost to operate RAMP, and the average overhead cost of RAMP type projects is higher than overhead associated with other AML reclamation work. The program thus constitutes an additional delivery mechanism for reclamation services that is not needed. It should also be noted that OSMRE plans to issue guidance to States regarding the processing of RAMP type projects; however, States will not be required to fund such projects.

Office of Surface Mining Reclamation and Enforcement

3A. Question: I note from your statement that one of the Department's management initiatives includes using a private contractor to improve the accuracy and timeliness of AML fee collection in the Office of Surface Mining. What functions does this private contractor perform?

Answer: The management initiative to explore the use of a private contractor for abandoned mine land fee collection activities is prospective in nature. No decision has been made as to whether this function would be contracted out, nor has any procurement action been undertaken to obtain a private contractor. OSMRE is presently studying this issue and will be issuing a report to the Assistant Secretary for Lands and Minerals Management concerning the pros and cons of this initiative sometime in the late spring of 1987. At that time, the initiative will be reviewed from a cost efficiency standpoint and a determination made as to whether OSMRE should proceed with a competitive procurement action to obtain a private contractor to perform some or all of the fee collection functions. In the interim, all fee collection functions will continue to be performed by OSMRE staff as they are at present.

3B. Question: Who is the private contractor?

Answer: The answer to question 3A addresses this question.

3C. Question: When was the use of this private contractor initiated?

Answer: The answer to question 3A addresses this question.

3D. Question: How much is the Department paying this private contractor?

Answer: The answer to question 3A addresses this question.

3E. Question: Why isn't the Office of Surface Mining undertaking this work itself?

Answer: The answer to question 3A addresses this question.

Bureau of Mines

4. Question: Abandoned Mine Land Reclamation program research has been transferred to the Bureau of Mines from the Office of Surface Mining. What effect will this have on the research conducted under this program?

Answer: Congress appropriated the same amount of money to the Bureau of Mines as that proposed by OSM for the program; therefore the number of possible projects does not change. Similarly, projects will be selected by a panel representing a variety of interests as it was under OSM. The Bureau of Mines intends to place emphasis on the establishment of research priorities, and select projects based on those priorities. The program is viewed as an applied research program which provides answers to problems of reclaiming abandoned coal mined lands in a short time- frame. Maximum advantage will be taken of in-house expertise; however, because of the broad spectrum of technical disciplines included under "AML Research", we anticipate that the majority of the work will be contracted out. We are committed to working very closely with our sister agency OSM, as well as the State Abandoned Mine Land Reclamation agencies in the implementation of this program.

5. Question: The proposed FY 1988 budget includes an $8.8 million cut in Health and Safety Technology. However, serious mine health and safety problems persist.

- o What areas of research effort will be reduced?
- o Will research on respirable dust be reduced? If so, why?
- o How do you justify this deep cut in health and safety funding?

Answer: Health and Safety Technology activities in Ground Control (-$2,000,000), Industrial Hazards (-$1,500,000), and Mine Disaster Prevention (-$2,800,000) programs will be reduced as recent research accomplishments have provided the industry with technology for the reduction or control of safety hazards in the mines.

The Respirable Dust program will be reduced by discontinuing the funding (-$2,500,000) for the Mineral Institute's Generic Center for Respirable Dust at Pennsylvania State and West Virginia Universities. Funding of this grant program is not considered appropriate because the need to reduce the Federal deficit far outweighs any marginal benefit from

Questions Submitted by Senator Howard Metzenbaum

Fish and Wildlife Service

1. Question: Revenues for the Sport Fish Restoration Fund and the Abandoned Mine Land Fund are raised through special taxes on specific items and groups. Not only do these funds serve very useful purposes, but they are a type of user fee -- certain groups help to maintain resources they use.

Interior's FY 88 budget proposes to transfer $25 million from the Sport Fish Restoration Fund to the operating budget of the Fish and Wildlife Service, and transfer $1.3 million from the Abandoned Mine Land Fund to OSM for Salaries.

Isn't this breaking faith with the groups that provide the money for these funds, and the States that depend on them?

Answer: Funds deposited in the Sport Fish Restoration Account of the Aquatic Resources Trust Fund are from excise taxes on fishing equipment, taxes on gasoline used in motorboats, import duties on fishing equipment and pleasure boats, and interest earned on investments. Deposits in this account increased from $38 million for fiscal year 1985 to $122 million for fiscal year 1986 to $141 million for 1987 to an estimated $174 million for 1988, which is 457% of the 1985 level. Such a rate of increase would seem to exceed reasonable expectations of program growth, particularly at this period of great concern with the growth of Federal spending. Even after the transfer of $25 million, as proposed, there would still be a $8 million increase in the total funds available in fiscal year 1988. The Department believes that the President's proposal represents an appropriate balance between program growth and fiscal responsibility, and that we have not broken faith with the intent of the legislation which created this fund. Furthermore, considering the expenditures from the Resource Management account directly or indirectly related to fish restoration and improvement, this is an appropriate transfer of funds.

With respect to the Office of Surface Mining Reclamation and Enforcement (OSMRE), a detailed analysis of the options available to pay for the increased pay and retirement costs required during fiscal year 1987 was completed. These costs are uncontrollable and our options are limited. It has been determined that allocation of additional costs to the Regulation and Technology appropriation would require cutbacks in essential Regulation and Technology program activities and in some instances to congressionally mandated initiatives specified in the conference report for the fiscal year 1987 permanent continuing resolution. Hence, the only viable option appears to be to transfer $1.3 million from the AML fund. This transfer can be accomplished without reducing the level of funding available for reclamation projects during fiscal year 1988 by using unobligated balances from current year funds in the Reclamation Program Operations subactivity. These funds are available since underruns in the cost of completed projects that were obligated in previous fiscal years provide funds that compensate for the

transfer to new budget authority. None of the funds derived from the transfer would otherwise be available as grants to the States; the transfer would come entirely from resources to be used for Federal operations.

2. Question: Wouldn't it be more appropriate to seek operating and personnel funds through the appropriations process than to transfer money from unrelated trust funds?

Answer: The proposal to transfer funds from the Sport Fish Restoration Account will result in an overall budgetary savings, since $25 million of the Resource Management Appropriation request will be offset by this one-time transfer. Therefore, a reduction to the Federal deficit can be accomplished without a decrease in the Dingell-Johnson program or the Service's fish and wildlife activities funded through the Resource Management Appropriation.

Bureau of Reclamation

3. Question: What is the level of future appropriations that will be necessary, by Fiscal Year, to maintain the pace and schedule of construction assumed in the most currently projected completion dates for the C.A.P.?

Answer: The following are the Federal funding requirements to complete the Central Arizona Project:

(Dollars in Thousands)

Fiscal Year	Amount
1988	268,730
1989	185,931
1990	252,245
1991	136,147
1992	87,498
Balance	758,274

Bureau of Reclamation

4. Question: What amendments to the master repayment contract for the C.A.P. will the Department be seeking, and when will negotiations for such an amended contract begin? What is the approximate dollar amount of additional repayment that will be sought in this supplemental contract?

Answer: In addition to the increase in repayment ceiling, the Department will be negotiating for identification of staged repayment and transfer of operation and maintenance based upon completion of construction of specific sections of the project. In addition, the latest standard contract articles will be included in the negotiations.

Negotiations are expected to begin in March or April of 1987.

The final repayment obligation can not be determined until construction has been completed. It is, therefore, necessary to negotiate a repayment ceiling that will cover the current estimated repayment obligation, and also have sufficient coverage so that another negotiation would not be required. It is currently estimated that the repayment obligation will exceed the existing repayment ceiling by $500 million. The final figure is, of course, preliminary.

Bureau of Reclamation

5. Question: Does the Department continue to dispute the finding of the General Accounting Office that there is no authority to use funds authorized for Dam Safety to build Cliff Dam, an entirely new Dam?

   Answer: The Solicitor clearly stated that the Bureau of Reclamation could spend SOD money at Cliff Dam and that Congress did not foreclose such expenditures when clarifying the intent of the SOD legislation in the legislative history.

6. Question: How much is being requested for Plan 6 for FY 1988? How much of this total is for Cliff Dam, and how will funding for Cliff be spent during FY 1988?

   Answer: The total funding required for Plan 6 in FY 1988 is $67,873,000 of which $1,085,000 is allocated for Cliff Dam. These funds will be used to conduct environmental studies.

7. Question: When will the Department make public the finding of the Corps of Engineers regarding revised flood plain configurations and reduced flood control benefits for Plan 6 reservoirs? How will this new data affect the cost sharing and repayment responsibilities of the Plan 6 local sponsors? Will the uncertainties regarding flood control be resolved prior to Congressional action on the FY 1988 appropriations request?

   Answer: We understand the Corps of Engineers current schedule calls for the completion of studies in May with formal documentation and decision in June so they could make it public at that time. Preliminary indications are that the impact of the new information may not be considered significant enough to affect the responsibilities of local sponsors. Therefore, we believe that further studies may be required to confirm and document the impact on the CAP. The uncertainties should be resolved in June or July 1987.

8. Question: Have construction schedules for the C.A.P been maintained during this current Fiscal Year, or has there been slippage? What are the reasons for slippage, if any?

   Answer: Reclamation is on schedule to meet deadlines of the local funding agreements and no slippage is anticipated.

Bureau of Reclamation

9. Question: Please advise the committee of the current state of cracking along the Central Arizona Project canal and aqueduct. How do the damages identified recently near Florence compare with damages found last year in Western Arizona?

Answer: Three areas of the 177 mile long Granite Reef Aqueduct, located in Western Arizona, were repaired under a contract worth $2.4 million. These areas included parts of the canal lining in Reach 2 which exhibited foundation failure; a 3,900-foot-long section of reinforced concrete lining in Reach 3 which suffered extensive corrosion damage to the embedded steel reinforement; and a 4-mile section of canal in Reach 4 which has experienced settlement due to regional geologic and soil conditions. All of these repairs were completed in January 1987.

The damage found on the 59 mile long Salt-Gila Aqueduct near Florence, Arizona, consists of approximately 2,000 feet of longitudinal cracks on either side of the canal approximately 6 feet below the top of the lining. This damage is not as extensive as that found on the Granite Reef Aqueduct. The damage also does not appear to have the same cause as that on the Granite Reef Aqueduct. During February 1987, maintenance crews of the Central Arizona Water Conservation District will remove a small portion of the lining around the crack and replace it with concrete.

Bureau of Reclamation

10. Question: In April 1986, Interior's Inspector General issued a finding that the $1.1 billion cost of Plan 6, the alternative to Orme Dam, is $934 million greater than the $166 million indexed cost of Orme Dam as originally authorized. The I.G. found that the cost increase of 560% is a significant departure from the original authorization, and therefore recommended that you seek additional appropriation authority for Plan 6.

Do you plan to follow the I.G. recommendations?

Answer: I responded to the Inspector General's finding on June 10, 1986. In my response, I stated I did not believe there was a need to seek additional appropriation authority from Congress due to the fact that cost estimates did not exceed overall authority.

Audit Coordination

11. Question: What is the step by step process for the Department to respond to external audits and to internal audits?

Answer: Audits in Department of the Interior programs are conducted by the U.S. General Accounting Office (GAO), and by our own Inspector General (IG). The policies and procedures for responding to audits are recorded in our Departmental Manual at parts 360 and 361 and are briefly described below.

Upon completion of an audit, GAO normally issues a draft report for review and comment. A response is due within 30 days, under the provisions of 31 U.S.C. 718(b)(1). Secretary Hodel has designated the Assistant Secretary - Policy, Budget and Administration (PBA), as the audit followup official for the Department. In this role, PBA is the central coordination point for receiving the GAO report, designating the proper bureau or office for preparing the response and identifying other interested bureaus and offices for participation in the review process. Responses to draft reports are signed by the cognizant Assistant Secretary following review and surname by PBA and other interested Departmental organizations.

GAO final reports are also received in PBA where a single bureau or office is designated to write the response under the direction of the cognizant Program Assistant Secretary. 31 U.S.C. 720 requires that the Secretary respond to a recommendation made to him in a GAO final report within 60 days from the date of the report. Since the response becomes a binding commitment for action and is made to the Congress, it is reviewed and approved by the Solicitor, the Director, Office of Congressional Relations and by PBA. Formal and informal followup is initiated by PBA to assure that statutory timelines for responding are met and that commitments made are accomplished.

Final reports issued by the IG are issued directly to the cognizant Program Assistant Secretary for review and response within 60 to 90 days if a recommendation for action is made. They are usually preceded by a draft report requiring a response in 30 days. PBA is responsible to decide any matters of disagreement between the IG and management after reviewing both sides of the issue. PBA also tracks those actions management has agreed to implement, through completion.

Bureau of Reclamation

12. Question: Would the Department object to this committee considering authorizing legislation for Plan 6?

Answer: We see no need for additional authorizing legislation for Plan 6. The Colorado River Basin Project Act of September 30, 1968, authorized the construction of Orme Dam or a suitable alternative. In April 1984, the Secretary of the Interior selected Plan 6 as the suitable alternative to Orme Dam. That decision followed an exhaustive study of alternative methods of achieving flood control for metropolitan Phoenix and for regulatory storage of the Central Arizona Project (CAP) water. The study was also responsive to the Congressional mandate to improve the safety of Salt River Project dams under the authority of the Reclamation Safety of Dams Act.

In May 1986, the Secretary supplemented the Record of Decision for the Regulatory Storage Division of the CAP. At that time, the Secretary concurred with the analysis, discussion, and evaluation undertaken in the Endangered Species Act consultation process, and with the expenditure of Reclamation Safety of Dams Act funds in conjunction with CAP funds for the construction of Cliff Dam.

Questions Submitted by Senator John Melcher

Minerals Management Service

1. Question: I note that once again, the Department has proposed to make payments to the States from receipts under the Mineral Lands Leasing Act based on net, rather than gross, receipts. This will result in a projected decrease in payments to the States of $55 million, with Wyoming, New Mexico, Colorado, and California most affected.

Given the repeated refusal by Congress to approve net versus gross payments, why are you again making this proposal?

Answer: The Administration is again proposing net receipt sharing. The States receive at least fifty (50) percent of revenues received from Federal onshore mineral leasing. However, the Federal Government bears the full cost of collecting and distributing those revenues. The rationale for deducting program costs is that the beneficiaries of Federal onshore mineral leasing revenues should equitably share in the cost of their collection and distribution. It will also assist in reducing the Federal deficit.

2a. Question: The budget requests $300,000 for interest on late royalty payments to States and Indian accounts.

What are the underlying assumptions regarding length of delay in making the payments and the amount of the payments involved?

Answer: The MMS's procedures, since the implementation of the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), have been to calculate payments to the States based on the receipt date of the Report of Sales and Royalty Remittance (2014) from payors. Delays in payments to to the States are primarily the result of payor reporting errors or insufficient payments.

Payor reporting errors can either be clerical errors or procedural errors. Clerical errors consist of incorrect coding. Procedural errors occur when a payor reports on a lease prior to its establishment in the Auditing and Financial System (AFS) database.

Minerals Management Service

Insufficient payments result in interest being accrued to the unpaid portion of the 2014. Interest continues to accrue on the balance until the payor has remitted sufficient cash to pay the document in full. The following schedule illustrates the amount of late disbursements to States in millions of dollars:

	FY 1985		FY 1986		1st Quarter FY 1987	
	Amount	Percent	Amount	Percent	Amount	Percent
On Time	$503.4	93.7	$434.7	96.8	$69.5	94.8
Late	33.6	6.3	14.3	3.2	3.8	5.2
Total	$537.0	100.0	$449.0	100.0	$73.3	100.0

Regarding Indian interest, MMS has not paid any FY 1986 or FY 1987 interest to the Bureau of Indian Affairs (BIA). Our Solicitor's Office advises that the method used by MMS in previous years to calculate FOGRMA Indian interest was incorrect.

According to the General Accounting Office, about 93 percent of all Federal and Indian payments are received at MMS during the last 3 days of each month. All of the payments identified as Indian are disbursed to BIA within 2 to 3 days following the payment receipt date. For the last 6 months of FY 1986, about $5.2 million was received each month for Indian tribes and allottees. Over 90 percent of the payors' reported royalty lines are distributed to BIA offices throughout the country via MMS's Indian Financial Distribution Report (IFDR) by the middle of the month following the month of receipt. The end-of-month IFDR enables MMS to distribute those lines initially rejected due to payor clerical errors but corrected by MMS personnel between the time the lines are rejected and the end-of-month distribution.

2b. Question: What is being done to ensure that payments to States and individual Indian allottees are made on time?

Answer: Payor clerical errors are generally identified immediately, and consequently are corrected in the processing month they are submitted. Because clerical errors are usually obvious, they can be corrected with the aid of a telephone call to the company. Payor procedural errors require additional input from the payor.

Regarding Federal leases, the AFS automatically disburses as much cash as is available at monthend with priority to State-shared leases. In the event of partial payments on a document, States are again paid first in order to reduce the interest cost.

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Regarding Indian leases, overtime is expended by MMS personnel handling Indian reports and payments at the end of each month. This special handling assures that all Indian reports and payments received on the last 3 days of the month are processed and included in monthend processing. Additionally, all Indian reports and payments received during the first 2 days of each new month are treated by our data entry personnel as though they came in on the last day of the previous month. This assures that the largest number of Indian reports and payments will be included as prior month's processing and will consequently be included in either the mid-month or end-of-month IFDR's.

The priority for keypunching is also weighted towards Indian processing. Indian payments are keypunched prior to Federal payments and Indian reports are keypunched prior to Federal reports.

2c. Question: With respect to Indians, the payment should be made to the individuals, not the BIA in the required time period. What is being done to assure this will happen?

Answer: The MMS has no Indian allottee data detailing the various interests held by the 30,000 allottees in approximately 3,000 allotted leases currently in existence. The BIA has sole responsibility for making the actual payment to the individual Indians. The MMS contributes to this effort by supplying BIA with timely, accurate IFDR's twice each month. At one point in time only one IFDR was prepared each month. The MMS's staff is also available to answer, and actively solicits, any and all questions BIA may have related to Indian reports and payments received at MMS.

This question raises the issue of appropriate Indian account. The Department has maintained that this means the aggregate Indian account managed by BIA. In addition, the United States District Court for the District of New Mexico has ruled that the Department has 30 days to deposit royalties into the individual allottee account.

3a. Question: What impact on payments to States would you expect as a result of implementation of the product valuation rules relating to oil and coal promulgated in proposed form on January 15, 1987? (In responding to this question, assume that the final rule will be identical to the rule as proposed).

Answer: In the case of oil, the Department does not expect the proposed new oil valuation regulations to materially change value determinations for oil as compared with current procedures. Almost all Federal and Indian oil is sold under posted price bulletins and there is a posted price bulletin to cover almost every oil-producing area.

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In the case of coal, revenues to States and Indians would decrease by about 5 percent due to the exclusion of the Abandoned Mine Land Reclamation Fee and the Black Lung Excise Tax from value for royalty purposes. The Department's view is that Congress never intended that royalties be charged on federally imposed taxes and fees, and in any case, it seems inequitable.

3b. Question: Has the Department estimated the impacts on a State-by-State basis? If so, please provide this information for the record.

Answer: (OIL) Estimated impacts on royalty revenue on a State-by-State basis are provided below. Estimates are based on 1985 oil production. States not listed are estimated to be impacted less than $1,000 per annum.

State	Estimated Annual Decrease in Revenue
Colorado	$ 53,800
Montana	$ 26,900
New Mexico	$121,000
North Dakota	$ 67,300
Utah	$ 33,600
Wyoming	$376,700

(COAL) Estimated impacts are royalty revenue on a State-by-State basis are provided below. Estimates are based on 1985 coal production. There is no affect on States not listed.

State	Estimated Annual Decrease in Revenue
Colorado	$ 493,200
Montana	$1,151,600
New Mexico	$ 375,500
North Dakota	$ 52,300
Oklahoma	$ 2,500
Utah	$ 648,800
Washington	$ 17,000
Wyoming	$3,804,000

4. Question: What impact on payments to Indian accounts would you expect as a result of implementation of the product valuation rules relating to oil and coal promulgated in proposed form on January 15, 1987? (In responding to this question, assume that the final rule will be identical to the rule as proposed). What Tribes will be most affected? Please provide estimates, if available.

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Answer: The Department does not expect the proposed new oil valuation or oil transportation allowance regulations to materially change payments to Indian accounts. Almost all Indian oil, tribal and allotted, is sold under posted price bulletins and there is a posted price bulletin to cover almost every oil producing area. Few Indian leases are involved in transportation allowances.

Currently, only three Indian tribes have coal production. The Hopi and Navajo Tribes would experience a decrease of about 5 percent in coal royalty revenues from coal leases in Arizona and New Mexico. The Crow Tribe would experience a similar decrease in coal royalty revenues from coal leases in Montana.

The estimated decrease in coal royalties payable to these Tribes is as follows (based on 1985 production):

Tribe	Estimated Annual Decrease in Revenue
Crow Tribe	$ 114,800
Hopi Tribe	$ 443,700
Navajo Tribe	$1,687,500

5a. Question: What impact on payments to States and Indian accounts do you expect should the proposed rule published January 15, 1987, become final, making revisions to the Notice to Lessees, NTL-5, effective retroactively, and thus retroactively lowering the royalty owed in many instances?

Answer: The Department is considering making changes to NTL-5 retroactive because of the significant change in the gas market since 1982. NTL-5 requires royalty payments to be made based on maximum lawful ceiling price of the Natural Gas Policy Act of 1978. Since 1982, however, much natural gas has been purchased at prices considerably less than the maximum lawful price, and equity would indicate this change. MMS initially estimated that the total impact, Federal and Indian, of making retroactive modifications to NTL-5 would be approximately $140 million. This amount represents an estimate of the difference between the amount of royalties that would be payable based upon NGPA ceiling prices and the amount of royalties expected to have been paid by lessees based upon probable proceeds received under their gas sales contracts, regardless of whether the payment has in fact been made. It is estimated that only about 15 percent ($20 million) of this amount has actually been paid by lessees and distributed to the various mineral accounts.

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These initial estimates indicate that about 90 percent of the $140 million, or $126 million, is attributable to Federal onshore gas production. The remaining 10 percent ($14 million) is attributable to Indian tribal and allottee gas production with Oklahoma allottees expected to be most heavily affected. To date, less than $1 million of the $14 million has been collected, and many royalty demand letters are under appeal.

5b. Question: Please provide for the record dollar estimates for the impact on the three most affected States and the three most affected tribes. Also include this information for the State of Montana and the Indian tribes there.

Answer: In the case of States, estimates of impacts on royalty revenues for the three most affected States and for the State of Montana is as follows:

States	Estimated Loss of Royalty Revenue
New Mexico	$69.4 million
Wyoming	$35.7 million
Colorado	$ 7.4 million
Montana	$ 1.8 million

Each State receives approximately one-half the royalties so the estimated revenue loss to each State would be:

New Mexico	$33.3 million
Wyoming	$17.1 million
Colorado	$ 3.6 million
Montana	$ 0.9 million

In the case of Tribes, estimates of impacts on royalty revenues for the three most affected Indian Tribes and the State of Montana are as follows:

Tribes	Estimated Loss of Royalty Revenues
Navajo	$ 1.5 million
Shoshone Arapahoe	$ 1.3 million
Northern Ute	$ 0.5 million

State of Montana Tribes	Estimated Loss of Royalty Revenues
Blackfeet	$ 186,500
Crow	$ 500
Fort Peck	$ 5,500
Rocky Boys	$ 57,500

Minerals Management Service

5c. Question: How will this money be collected or recouped?

Answer: Royalty overpayments are recouped under different procedures depending upon the type of onshore lease involved. For Federal leases, recoupment is allowed against future royalty payments for a particular lease up to the full amount of the royalty payment for any given month. If a Tribe grants its approval, recoupment may be made against other tribal leases. For Indian allotted leases, recoupment is allowed up to one-half the royalty payment for that particular lease for a given month.

5d. Question: What is the timeframe for collecting or recouping this money?

Answer: The timeframe for recoupment of these monies from either Federal or Indian leases is dependent upon the amount to be recouped and the amount of the monthly royalty payment against which recoupment is being made. Most such recoupments will be realized within a 12-month period.

Office of Surface Mining Reclamation and Enforcement

6A. Question: The Department has requested a $2.5 million increase in assessments and collections to continue expansion and operation and maintenance of the Office of Surface Mining's Applicant-Violator System (AVS), which will be used to deny new permits to those who violate the Surface Mining Act and to those who "own" or "control" violators. Specifically how will these funds be used?

Answer: The $2.5 million increase in funding is for costs of the steady state operation of the system with full systems implementation on October 1, 1987. The costs to be covered by this increase include facilities management costs associated with systems operations; contractor costs associated with updating, maintaining and enhancing the AVS software; expenses associated with updating and maintaining the AVS database; and costs associated with data collection and data entry of incremental aspects of the system, including data related to State issued violations under SMCRA and air and water quality violations related to coal mining activities.

6B. Question: What definition of "ownership and control" was assumed in formulating the budget request relating to the AVS?

Answer: No specific definition of ownership and control assumed in the development of the AVS system. The system is designed to search at any level of "relatedness" to a particular owner or controller depending on the data loaded into the system. There are no limitations built into the system software which would mitigate against use of any particular definition of ownership and control. Linkages of owners and controllers within the system can be raised or lowered depending on regulatory and policy constraints and mandates.

6C. Question: What data will be gathered on ownership and control?

Answer: The data collected on ownership and control will be that which is contained in the permanent program permit application files maintained by Federal and State regulatory authorities. In addition, information on violators will be derived from State corporation files, and from audits and inspection files. It is also OSMRE's intention to issue a rule which will expand the information collection requirements on ownership and control and also require periodic updating of this information so that it can be maintained current.

6D. Question: When does OSMRE expect to promulgate its final rule on ownership and control?

Answer: OSMRE is still reviewing its policy options concerning ownership and control. No date has been established for the final promulgation of an ownership and control rule.

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Office of Surface Mining Reclamation and Enforcement

6E. Question: Will OSMRE seek a further extension of the October 1, 1987 deadline for implementing the AVS?

Answer: OSMRE will not seek a further extension of the October 1, 1987 deadline for implementing the AVS. The present schedule for systems implementation calls for the remaining data to be loaded into the system and for it to be operational by October 1.

7A. Question: The Department's proposed budget includes an $850,000 increase for the Office of Surface Mining to complete consolidation of its headquarters after its decentralization initiative which was funded last year. Specifically for what will this $850,000 be used?

Answer: During Fiscal Year 1988, OSMRE intends to consolidate its Washington Headquarters operation into a single physical location. The $850,000 requested in the Fiscal Year 1988 budget will be used for moving costs associated with that consolidation, space renovation, and other direct costs associated with the physical consolidation. At present, the OSMRE Headquarters staff is located at three different locations spread over a four square mile radius of downtown Washington, D.C. The amount of time required for key headquarters officials to transit from location to location to attend meetings and carry on official business is a significant negative factor in mission accomplishment and efficiency. Consolidation of the OSMRE headquarters staff into a single physical location will go far to reduce these inefficiencies.

7B. Question: Was this $850,000 a part of the total previously requested for the decentralization initiative? If not, why not?

Answer: The $850,000 requested was not a part of the funding requested for decentralization last year since consolidation of the headquarters staff was not considered feasible until after decentralization was accomplished and the reduced space requirements for headquarters could be factored into the ultimate space assignment plans.

7C. Question: Are there any additional costs anticipated in the future as a result of the decentralization initiative?

Answer: There are no additional costs anticipated in the future as a result of the OSMRE decentralization initiatives. Administrative and programmatic decentralization will be accomplished by the end of Fiscal Year 1987 with the exception of the decentralization of the penalty assessment process which will take place during the first quarter of Fiscal Year 1988. No additional decentralization costs are anticipated.

Office of Surface Mining Reclamation and Enforcement

8. Question: The proposed budget includes a reduction of over $5 million in reclamation program operations. Funding for emergency projects will be reduced by $2.75 million due to declining requirements and State implementation of current program policy. What program policy justifies this decrease in funding for emergency projects?

Answer: OSMRE's policy is to have the States carry out emergency projects as part of the State AML program wherever possible, and to fund under the emergency projects program only that work necessary to correct the immediate emergency, pursuant to Section 410 of SMCRA. As a result of the implementation of this policy in 1985, there has been a declining requirement for emergency program funding. Additionally, OSMRE policy is that additional funding to complete the non-emergency aspects of a mine area in which an emergency project was initiated will be carried out by the State using its AML grant funding.

9A. Question: Under the proposed budget, reclamation projects in non-program States and on tribal lands will be reduced by $1.2 million. This is of concern, particularly given the problem regarding distribution of AML funds to the Tribes. How many tribal priority 1 and 2 reclamation projects are left to be completed?

Answer: Based on current program information, over 90 percent of all priority 1 and 2 reclamation projects on tribal lands have been completed or have been funded and are in the reclamation process.

9B. Question: How many other tribal projects are left to be completed?

Answer: Although precise figures are not fully available, the remaining projects on tribal lands are for the most part non-coal mine related and in some instances involve the use of AML funds for impact assistance related to mining activities these lands. The Department will support a legislative initiative that would make tribal shares of AML collections available to the tribes for reclamation activities. It is assumed that if this legislation passes, most of this funding will be used for mining related impact assistance.

Office of Surface Mining Reclamation and Enforcement

10A. Question: The Department has indicated an intention to seek appropriations language which would allow OSMRE to use monies collected from the imposition of civil penalties under the Surface Mining Act for reclaiming lands currently ineligible for AML program funding. These are lands which were mined after passage of the Surface Mining Act, but are unreclaimed because of insufficient bonding or bond forfeiture. Please provide for the record the total acreage by State of unreclaimed lands ineligible for AML funding.

Answer: OSMRE is now in the process of collecting data to determine the total acreage of unreclaimed lands ineligible for AML funding and the estimated cost of reclaiming these lands over and above proceeds available from bonds or bond forfeitures. That data will be made available to the Committee as soon as it is available.

10B. Question: How much does the Department expect to collect in civil penalties during Fiscal Year 1988?

Answer: OSMRE expects to collect about $2 million in Federal civil penalty revenue during Fiscal Year 1988.

10C. Question: How much does the Department estimate will be necessary to reclaim these lands?

Answer: The amount of funds to be derived from civil penalty collections will probably provide only minimal additional support for reclamation activities.

10D. Question: What steps will the Department take to find the parties responsible for reclaiming the lands?

Answer: OSMRE continues to pursue alternative enforcement action including court mandated injunctive relief for entities who are responsible for unreclaimed mine sites mined after the passage of SMCRA. However, current statistics on alternative enforcement indicate that many of the entities responsible for these sites are bankrupt, out of business, or do not have sufficient assets to undertake even minimal reclamation on the sites for which they are responsible. We believe that civil penalties collected under the Act should be used to reclaim land for which no other source of funding is available. A number of the States who have achieved primacy status have used their own collected civil penalties for similar activities.

Office of Surface Mining Reclamation and Enforcement

10E. Question: Why was bonding inadequate for these lands?

Answer: Many of the sites involved date from the Interim Program period, in which bonding requirements were not nearly as rigorous as those since applicable. In other cases, inadequate bonding occurred for a variety of reasons. For example, some States broadly employed formulas for bond calculation that failed to take into account the varied character of mining operations; to the extent that difficult reclamation problems subsequently occurred, the original bond estimate may have proved considerably deficient. OSMRE's oversight program has placed major emphasis on improving the States' performance in this regard by emphasizing the need to address issues such as the type of mining and the reclamation plan's environmental concerns in areas such as topography, hydrology, and revegetation, and their cost implications.

10F. Question: What steps is the Department taking to ensure that adequate bonding is currently being required?

Answer: OSMRE has taken significant action to ensure adequate bonding through tighter, more comprehensive, oversight of State bonding requirements in those States holding primacy. In addition, new bonding guidelines have been prepared to provide assistance in areas such as estimating earthmoving and revegetation costs. OSMRE will use the guidelines in cases where it is the regulatory authority, and will distribute these guidelines to the States to help them carry out their responsibilities. The States are not being required to use the guidelines. However, they will be used by OSMRE as a basis for oversight assessments of the effectiveness of State performance.

Bureau of Mines

11. Question: Once again, the Administration is proposing to zero out funding for the Mineral Institutes program. This year, however, you are also requesting a rescission of 1987 funds appropriated by Congress.

- o What is the Administration's rationale for requesting this rescission and at the same time failing to fund the Mineral Institutes?

Answer: No new allotment grants are proposed for the Mineral Institutes because the need to reduce the Federal deficit far outweighs any marginal benefit from continuing to fund out of Federal tax revenues these programs that more properly should be supported by their local beneficiaries. Research grants awarded in prior years will continue to support research efforts in the five generic minerals technology areas (mine systems design and ground control; comminution; mineral industry waste treatment and recovery; pyrometallurgy; and respirable dust) through FY 1988. As Federal grant funds are expended, the generic research centers and their affiliates should attract adequate continuing industrial and State support. The Bureau of Mines will provide appropriate support for monitoring grants not yet completed and for the activities of the Advisory Committee on Mining and Mineral Resources Research.

QUESTIONS SUBMITTED BY SENATOR BILL BRADLEY

National Park Service

On Our National Parks:

1a: Question: Senator Bumpers mentioned a deteriorating National Park System, a contention which you vigorously refuted. I hope you are right, for I am committed to a quality park environment. However, I must relate to you my personal concern and knowledge of New Jersey National Parks, which are in real trouble. For example, the Sandy Hook branch of the Gateway National Recreation Area was forced last summer to close a number of parking lots, restricting beach access, on account of budget cuts. The bathing facilities are completely inadequate: these are "temporary" facilities, constructed in 1979 following a major coastal storm, which are patched together and barely serviceable. I understand that there has been a proposal circulating at the Park Service for a number of years to replace these facilities, which, frankly, are an embarrassment. I am committed to improving the conditions at all our National Parks, and especially New Jersey's Parks. My experience, however, gives me reason for concern. What do you propose to do to improve what is an unmistakably deteriorating condition at Sandy Hook?

Answer: We share your concern over the condition of the roads, parking lots, and minimal beach facilities at the Sandy Hook unit of Gateway National Recreation Area. During last summer, there were parking problems. The amount of overflow parking for the 1987 summer season will be restored to 1985 levels. The overflow parking areas will again be in use, providing 1,500 attended parking spaces at all times. We cannot tell you that the construction of new beach centers, restrooms, and food service facilities at Sandy Hook is likely in the near future. Although the current facilities are not of the quality we would prefer if unlimited funding were available, given the inevitable constraints on available funding, the facilities at Sandy Hook are serviceable and safe for public use.

1b. Question: I have other examples: the archives at Edison National Historic Site are in trouble, the access road to the New Jersey side of the Delaware Water Gap National Recreation Area is impassable during much of the year and getting worse, etc. I do see numerous instances of inadequacies in our Parks, which are worsening. What do you propose for these other threatened New Jersey Parks?

Answer: In regard to the archives at Edison National Historic Site, the Service has made a permanent base increase of $35,000 for the park. Preservation activities will be an important component of this increase. Additionally, the park, through the Service's Cultural Resources Preservation Program, has begun the first of a 3-year, $90,000 project to arrange and preserve the park's historic photograph collection. Additional temporary staffs are being hired now. We believe that the backlog of preservation and archival requirements at Edison National Historic Site will be eliminated within a reasonable period of time.

With regard to the access road to the New Jersey side of the Delaware Water Gap National Recreation Area, the first 6.6 miles of this road from Interstate 80 through Worthington State Forest are owned by the State of New Jersey and 7.8 miles from the northern boundary of the State forest to the Warren County line are owned by the Tahquarry Township. The National Park Service does not have any legal authority to expend Federal funds on these portions of the road. Some of the road north of the Warren County line into Sussex County is owned by the Service, but this section is not in poor condition. It is our understanding that a study of the State portion of the road is presently underway by the State of New Jersey. The Service would be happy to meet with local and State offices to exchange information and explore alternatives to upgrade this access road.

2. Question: The Bureau of Reclamation Budget includes a major increase in construction spending at the Central Utah Project. Please provide the Committee with a brief funding history and status report on the Project.

What is the level of appropriations that will be necessary to maintain the pace and schedule of construction assumed in the most currently projected completion dates for Bonneville Unit of the C.U.P?

How will the timing and amount of non-Federal repayment be modified as a result of the provisions on C.U.P. contained in the FY1987 Continuing Resolution? Please provide the committee with a modified schedule of local repayment, based on the most current assumptions about construction costs and completion dates.

What questions regarding dam safety and foundation stability have been raised about the site of Jordanelle Dam, and how have these questions been resolved to date? When will contracts for constructing Jordanelle Dam be awarded?

Answer: The initial funding for the Bonneville Unit was received in FY 1966. Following is a list of Congressional Conference Allocations before application of underfinancing and actual expenditures for each year from FY 1966 to FY 1986.

Fiscal Year	Allocation	Expenditure	Fiscal Year	Allocation	Expenditure
1966	3,300	1,575	TQ	5,980	8,623
1967	7,500	3,592	1977	21,100	21,746
1968	8,300	8,047	1978	32,965	23,353
1969	7,291	11,356	1979	33,959	21,666
1970	10,000	7,554	1980	44,464	38,412
1971	10,900	9,449	1981	74,092	51,361
1972	15,722	18,969	1982	66,700	67,271
1973	29,420	18,285	1983	78,355	75,712
1974	8,315	3,277	1984	101,607	62,211
1975	10,121	8,901	1985	104,780	56,040
1976	13,800	13,995	1986	62,304	62,724

The status of the Bonneville Unit is as follows:

Starvation Dam, Knight Diversion Dam, Jordan Aqueduct Reaches 1, 2, and 3, Alpine Aqueduct Reach 1, Flow Control Structure for the Jordan Aqueduct, Soldier Creek Dam, Water Hollow Tunnel, Currant and Layout Tunnels, Currant Creek Pipeline, Currant Creek Dam, Vat Tunnel, Rhodes-Hades Tunnel Complex, Stillwater Tunnel, Strawberry Tunnel Inlet rehabilitation, North Fork Siphon, West Fork Pipeline and Vat Diversion Dam, rehabilitation of Pioneer Canal, and various access roads and minor construction have been completed, as well as the office buildings in Duchesne and Provo.

In fiscal year 1987, work is underway on Upper Stillwater Dam, Doc's Diversion Dam, Hades Creek Tream Inlet, Rhodes Diversion Dam and Win Stream Inlet, repair of Jordan Aqueduct Reach 3, Jordan Aqueduct Section 4, Alpine Aqueduct Section 3, and rehabilitation of Duchesne River Area Canals. Contracts remaining to be awarded in fiscal year 1987 are riprap stockpile production for four dams, Jordanelle Dam, Stage I, relocate natural gas lines at Jordanelle, relocate Highways 40 and 189, relocate power lines at Jordanelle, and Syar Tunnel access road.

The level of appropriations that will be necessary to complete the Bonneville Unit by 1995, the current projected completion date, is as follows:

1987	79,595,000	1992	144,243,000
1988	134,474,000	1993	117,355,000
1989	163,409,000	1994	49,945,000
1990	171,095,000	1995	4,544,000
1991	166,370,000		

In a voter referendum on November 19, 1985, citizens in the twelve participating project project counties voted by a margin of 73 percent to approve a new supplemental repayment contract. These supplemental repayment contracts between the Government, Central Utah Water Conservancy District, Metropolitian Water District of Salt Lake, and the Salt Lake City Water Conservancy District were executed May 16, 1986. The results of these actions is to raise the local M&I repayment obligation from $140 million to in excess of $550 million.

In 1986 the District agreed that it would not seek any interest deferral or interest advantage by reason of the Water Supply Act of 1958 for the first 60,000 acre feet of project M&I water.

The result of 1985 supplemental Repayment Contract and the FY 1987 Continuing Resolution is to place the second block of Jordanelle water (over $90 million) in repayment status 10 years earlier than it otherwise would have been.

The current construction schedule anticipates completion of the Bonneville Unit by 1995. With this assumption, there will be no need for a $2 million credit per year as provided in Section 206 of Continuing Resolution legislation.

The Bureau of Reclamation has conducted an extensive investigations program at the site, consisting of geologic mapping, extensive trenching, subsurface drilling, and seismic monitoring. The result of these excavations reveals a geologically complex site, but nothing which would preclude the construction of a safe dam at the Jordanelle site. Additionally, Reclamation retained consultants in 1982 and 1986 to review all available data and provide recommendations and conclusions. The consultants also conclude that a safe dam can be built at the site. Currently, four holes are being drilled, as recommended by the consultants, at about a 45-degree angle to the vertical to verify previous geologic interpretation that no vertical fault exists at the site.

Because the Jordanelle site is in an area of known seismicity, the consultants have recommended, and Reclamation agrees, that the design of the dam should consider a random earthquake occurring at the site of magnitude 6.5 on the Richter Scale. Jordanelle Dam is being designed to withstand the loading induced by this magnitude of event.

Major contracts that will be awarded for Jordanelle Dam and Reservoir and award dates follow:

Purchase of Land and Rights	1/87 to 9/90
Relocation of U.S. Highway 40-189	5/87
Jordanelle Dam Stage I (Foundation)	6/87
Jordanelle Dam Stage 2 (Dam)	3/89
Jordanelle Reservoir Clearing	12/90

QUESTIONS SUBMITTED BY SENATOR PAUL SARBANES

Bureau of Mines

AVONDALE RESEARCH CENTER CLOSURE

1. Question: Why is the Department of the Interior acting now to close the Avondale facility instead of justifying the action during the normal budget review process as directed in House Report 99-714 to accompany the Fiscal 1987 Interior Appropriations bill?

Answer: Consolidation of the research facilities of the Bureau of Mines has been under consideration for two years. The Avondale facility was identified in early 1986 as the most likely candidate for closure. Director Horton, in his testimony on March 27, 1986, before the Senate Subcommittee on Interior, Committee on Appropriations, noted that closure of the Avondale facility was contemplated. Although the Bureau of Mines wanted to close the facility in the summer of 1986, action was delayed until the appropriations process was completed. Additions to the appropriations for the Minerals and Materials Research program did not alter the need to reduce facility costs, and closure of the Avondale facility was still deemed imperative. The action was, however, delayed until January 7, 1987 when the new Congress would be in session.

As Secretary it is my responsibility to carry out the work of the Department as efficiently and effectively as possible within the terms of our authorizing statutes and within the funding provided in our annual appropriation acts. In this endeavor, I seek to cooperate fully with the Congress to the extent consistent with my responsibility to the laws. However, the Comptroller General has repeatedly ruled that restrictions on use of lump sum appropriations contained in committee reports are not legally binding unless carried over into legislation. E.g., 55 Comp. Gen. 307 (1975); 55 Comp. Gen. 812 (1976). As my predecessor, Bill Clark, stated in a letter to Chairman Yates of the Subcommittee on Interior, House Committee on Appropriations, dated May 26, 1984, there may be situations that require action without further consultation. The closure of Avondale is such a situation and is fully consistent with the Comptroller General's rulings. For these reasons, I deem it appropriate to proceed, without further delay, with the closure of the Avondale Center.

2. Question: According to estimates provided by the Bureau of Mines, it will cost approximately one million dollars to close the Avondale facility. As the Congress has appropriated no funds for this purpose, how does the Department plan to pay for the proposed closure?

Answer: It is estimated that approximately $1 million will be required to relocate transferred employees, move supplies and equipment, and cover other expenses related to closure of the Avondale Research Center. The funds to be used for the closure consist of prior year funds primarily derived from recoveries from completed contracts awarded for research. The recoveries accrued as a result of contractors completing the work they had agreed to do for less than the amounts that had been obligated for that purpose.

3. Question: Please provide a complete accounting of the cost associated with operating each Bureau of Mines facility including maintenance and operating costs, personnel costs, the value of the physical plant and long term capital improvement needs.

Answer: The following table is a complete accounting of the cost associated with each Bureau of Mines facility including personnel, maintenance, and operating costs.

FY 1987 Funding ($ in Thousands)

	Albany	Avondale	Reno	Rolla	Salt Lake	Tuscaloosa
Personnel	5367	2145	2926	2057	3186	2161
Travel	100	45	70	35	70	94
Transportation	15	4	0	9	24	19
Rent, Communications, Utilities	284	200	144	96	199	82
Printing	6	3	0	6	4	8
Other Services	361	154	142	256	215	217
Subtotal	6133	2551	3282	2459	3698	2581
Supplies, Materials	439	81	0	115	158	151
Equipment	4	58	0	113	49	140
Subtotal	443	139	0	228	207	291
TOTAL	6576	2690	3282	2687	3905	2872

Funding shown above represents estimated obligations for all of FY 1987.

The assessed value of Bureau facilities is not readily available. Depending on how accurate an estimate the Congress desires, it would take from a week to three months to develop an estimate for each center.

None of the Minerals and Materials Research Centers anticipate a need for any major capital improvements in the next three years..

The funds listed above do not include funds budgeted for Headquarters operations, Idaho National Engineering Laboratory, or work performed at other

Bureau facilities. They do include funds provided by Health and Safety Technology for efforts in support of their programs at Albany and Avondale. Therefore, they will not directly tie to the FY 1987 budget for Minerals and Materials Research.

4. Question: How many of the employees of Avondale does the Department estimate will accept tranfers to other Bureau of Mines facilities? Why did the Department provide Avondale employees only 45 days notice of the proposed closing?

Answer: Positions at other Bureau locations were offered to 40 of Avondale's 42 full-time permanent employees and to 5 of the 5 part-time permanent employees. Positions were offered to all professional, technical and clerical employees; only the two wage-grade employees were not offered positions. The employees have until February 20 to decide whether to accept these offers. We will not know until then how many actually will be transferred. We are offering relocation assistance to those employees who decide to transfer, and outplacement assistance to those who may choose to remain in the Washington metropolitan area. The relatively short notice was motivated by the need to achieve maximum cost savings associated with the closure of the center. Even so, the Department's 45 day notice to the Avondale employees exceeds the 30 day notice required by Office of Personnel Management regulations.

5. Question: What documentation can the Department provide on the "greater efficiency, increased productivity and improved program stability" which purportedly "will result from the redeployment of the work currently performed at the Avondale Research Center."?

Answer: All the research now being conducted at six research centers will be conducted at five such centers. The increased productivity we anticipate will result from bringing together larger numbers of scientists and their equipment in fewer locations. We believe such a consolidation of human resources and supporting equipment will contribute to an overall increase in the quality of research the Bureau conducts.

Elimination of the maintenance and operation costs of the Avondale facility will make additional funds available for the direct support of research programs, thereby increasing productivity. Greater efficiencies will result from the increased utilization of space and equipment, by reason of the transfer of programs and personnel, at the remaining research centers. Two years of study and concern have impacted the morale of employees and their perception of program stability. Closure of the Avondale facility, accompanied by

assurances that no additional closures are contemplated at this time, will improve morale and will reestablish program stability.

6. Question: There appears to be some inconsistencies between information provided in the Bureau of Mines, Minerals and Materials Research Facility Consolidation Assessment and responses to questions submitted by the staff of the Senate Appropriations Subcommittee on Interior. For example on page 25 of the Consolidation Assessment the Bureau lists staffing at Avondale at 82 FTE, "(including 46 full-time permanent and 36 other than full-time permanent.)" Yet in response to the Committee staff's questions, the Bureau indicates that there are 42 full-time permanent employees and 5 part-time permanent employees. Please explain this discrepancy.

Answer: The staffing number of 82 FTE listed in the Consolidation Assessment report represented the "assigned" FY 1986 (full time equivalency) personnel target for the Avondale Research Center. At the time the report was prepared the actual on-board count at the Center was 46 full-time permanent employees and 36 employees with other types of appointments (5 of whom were the part-time permanent employees). However, these numbers change frequently due to attrition. The discrepancy between the report and the answer reported to Committee staff results from the attrition that occurred during the interval between the time the two sets of data were compiled. At the time the closure was announced there were 42 full-time permanent and 5 part-time permanent employees still on board.

The "other than full-time permanent" employees listed in the Consolidation Assessment included personnel serving under a variety of types of appointments, i.e., part-time permanent, full-time temporary, part-time temporary, intermittent, when actually employed (WAE); while the response to the Committee staff, the "other" category addressed only the five part-time permanent employees. However, there are additional "other-than-full-time-permanent" employees still at the Center that were not included in the response to Committee staff as they are temporary employees.

7. Question: Is the Bureau of Mines currently seeking to relocate its headquarters to new offices? Has any comprehensive analysis been conducted regarding the costs of locating the Headquarters near and consolidating with Avondale? If not, why?

Answer: Yes. The General Services Administration (GSA) has notified Bureau of Mines that it must vacate its

Headquarters offices in the Columbia Plaza building because the building is going to be renovated. GSA is in the process of locating a suitable building to house the Bureau's Headquarters staff. Among the factors being considered are: the extent to which there are needs for daily access by the Bureau headquarters personnel for face-to-face meetings with officials in the Department of the Interior, as well as other Federal agencies located in downtown Washington; the adequacy of public transportation as well as highway access to the site for the affected employees; the availability of adequate parking in the immediate vicinity of the site; and the availability of food services at the site, or readily available in the immediate neighborhood.

The Bureau believes that a location at or near Avondale, which is limited in terms of direct public transportation or highway access, would limit its ability to do its job, and would result in congestion of the existing road network. Its location would also make contacts between the Bureau, private industry, the academic community, and foreign embassy staffs more difficult.

In addition to the access issue, extensive and costly renovation would be required to convert Avondale from a research facility to an office building. Our preliminary estimate of the cost of such a renovation and conversion is about $3 million, which was prepared in May, 1986. This conversion could not be accomplished within the time available before the Bureau must vacate its present offices. Furthermore, there is not now adequate on- or off-site parking available for a staff which would be about five times the number of personnel now working at Avondale.

We do not have any more detailed analytical data on moving at this time. Ultimately, a decision on relocation will be made as a result of a recommendation by the Bureau Director which would be decided by the Secretary.

8. Question: Which research programs currently being conducted at Avondale would be relocated at other facilities? Which facilities nationwide are to receive Avondale generated programs?

Answer: The following are the Avondale Research Center projects and the Research Centers designated to receive these projects:

Albany Research Center, Albany, Oregon:

1. High-Temperature Corrosion-Resistant Materials for Mineral Process Applications

2. Physical Chemistry of Corrosion
3. Rapid Scrap Identification, Sorting and Characterization
4. Corrosion Behavior of Advanced Materials and Coatings
5. Strategic and Critical Metals Recycling Study
6. Characterization of Ocean Floor Minerals
7. Determination of Silica Particle Size Distribution in Respirable Dust Samples

Rolla Research Center, Rolla, Missouri:

1. Flame Smelting of Metallurgical Wastes

Salt Lake City Research Center, Salt Lake City, Utah:

1. Supercritical Fluid Recovery of Critical Metals
2. Redox Control of Flotation
3. Flotation Fundamentals

9. Question: What documentation can Interior provide regarding relocated Avondale employees and their new assignments at other facilities? Will Avondale employees retain their Civil Service Grade classifications?

Answer: Each employee received a letter specifying the position which they have been offered. Twenty of the full-time permanent employees and two of the part-time permanent employees were offered positions at the same grade level. Seventeen full-time permanent employees were offered positions at lower grade levels; thirteen of the offers were one grade lower and four were two grades lower than the employee's current grade. These reductions result from the necessity of incorporating Avondale's supervisory staff into Centers already having a full complement of supervisors. No one at or above the journeyman level was reduced in grade below the journeyman level of the position. Six clerical employees were offered positions without a grade level being specified; they may or may not retain their grades. The employees offered positions at lower grades will retain their grades for two years and will retain their pay rates indefinitely in accordance with Office of Personnel Management Regulations.

Questions Submitted by Senator James A. McClure

FY 1987 Budget Assumptions

1. Question: Would you provide for the record a fiscal year 1987 baseline table by Bureau indicating for each appropriations account:

   a. the budget authority and estimated outlays as appropriated by the Congress;

   b. any proposed rescissions or deferrals; and

   c. any anticipated supplemental appropriations.

   Answer: A table providing FY 1987 budget authority and estimated outlays as well as proposed rescissions and supplementals follows.

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
BUREAU OF LAND MANAGEMENT						
Management of lands and resources	BA	483,610	0	(6,500)	0	477,110
	O	480,604	0	(5,395)	0	475,209
Construction and Access	BA	2,800	0	(1,600)	34	1,234
	O	7,400	0	(1,280)	34	6,154
Payments in lieu of taxes	BA	105,000	0	0	0	105,000
	O	105,000	0	0	0	105,000
Oregon and California grant lands	BA	54,524	0	0	0	54,524
	O	54,214	0	0	0	54,214
Special acquisition of lands and minerals Cranberry wilderness area	BA	0	0	0	0	0
	O	0	0	0	0	0
Land Acquisition	BA	6,220	0	(2,700)	(36)	3,484
	O	3,434	0	(810)	(36)	2,588
Range improvements	BA	9,253	0	0	0	9,253
	O	9,348	0	0	0	9,348
Service charges, deposits, and forfeitures	BA	5,195	0	0	0	5,195
	O	5,154	0	0	0	5,154
Working capital fund	BA	0	0	0	0	0
	O	(2,925)	0	0	0	(2,925)
Miscellaneous trust funds	BA	100	0	0	0	100
	O	100	0	0	0	100
Total, BUREAU OF LAND MANAGEMENT	BA	666,702	0	(10,800)	0	655,902
	O	667,331	0	(7,485)	0	659,846

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
MINERALS MANAGEMENT SERVICE						
Leasing and royalty management	BA	160,697	0	0	0	160,697
	O	169,084	0	0	0	169,084
Total, MINERALS MANAGEMENT SERVICE	BA	160,697	0	0	0	160,697
	O	169,084	0	0	0	169,084
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT						
Regulation and technology	BA	100,003	0	0	1,307	101,310
	O	92,267	0	0	1,307	93,574
Abandoned mine reclamation fund	BA	205,720	0	0	(1,307)	202,413
	O	252,605	0	0	(1,307)	251,298
Total, OFFICE OF SURFACE MINING	BA	303,723	0	0	0	303,723
	O	344,872	0	0	0	344,872
BUREAU OF RECLAMATION						
Construction program	BA	602,180	0	0	0	602,180
	O	622,000			5,600	627,600
Loan program	BA	37,400	0	0	0	37,400
	O	50,000	0	0	(5,600)	44,400
General investigations	BA	29,409	0	0	0	29,409
	O	31,000	0	0	0	31,000
Emergency fund	BA	1,000	0	0	0	1,000
	O	983	0	0	0	983
Operation and maintenance	BA	140,000	0	0	0	140,000
	O	142,000	0	0	0	142,000
General administrative expenses	BA	31,200	0	0	0	31,200
	O	33,000	0	0	0	33,000
Working capital fund	BA	6,400	0	0	0	6,400
	O	22,000	0	0	0	22,000
Total, BUREAU OF RECLAMATION	BA	867,647	0	0	0	867,647
	O	900,983	0	0	0	900,983

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
GEOLOGICAL SURVEY						
Surveys, investigations, and research	BA	418,665	2,597	0	0	421,262
	O	418,244	1,720	0	0	419,964
Exploration of the national petroleum reserve in Alaska	BA	0	0	0	0	0
	O	601	0	0	0	601
Total, GEOLOGICAL SURVEY	BA	418,665	2,597	0	0	421,262
	O	418,845	1,720	0	0	420,565
BUREAU OF MINES						
Mines and minerals	BA	138,162	0	(16,596)	0	121,566
	O	137,206	0	(12,270)	0	124,936
Helium fund	BA	0	0	0	0	0
	O	(494)	0	0	0	(494)
Total, BUREAU OF MINES	BA	138,162	0	(16,596)	0	121,566
	O	136,712	0	(12,270)	0	124,442
FISH AND WILDLIFE SERVICE						
Resource management	BA	314,692	2,000	(20,500)	0	296,992
	O	305,000	2,716	(17,425)	0	290,291
Construction	BA	26,513	0	(23,200)	0	3,313
	O	27,779	0	(4,872)	0	22,907
Land acquisition	BA	42,425	0	(26,763)	0	15,662
	O	44,780	0	(16,057)	0	28,723
Migratory bird conservation account (MBCA)	BA	7,000	0	0	0	7,000
	O	7,000	0	0	0	7,000
National wildlife refuge fund	BA	5,645	0	0	0	5,645
	O	5,645	0	0	0	5,645
Total, FISH AND WILDLIFE SERVICE	BA	396,275	2,000	(70,463)	0	328,612
	O	390,204	2,716	(38,354)	0	354,566

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
NATIONAL PARK SERVICE						
Operation of the National Park System	BA	673,771	17,631	(7,980)	0	683,422
	O	672,393	17,631	(1,980)	0	688,074
National Recreation and Preservation	BA	10,628	0	0	0	10,628
	O	10,621	0	0	0	10,621
Construction	BA	88,095	0	(38,981)	0	29,114
	O	94,080	0	(8,100)	0	85,980
Road Construction	BA	0	0	0	0	0
	O	758	0	0	0	758
John F. Kennedy Ctr for the Performing Arts	BA	4,771	0	0	0	4,771
	O	4,715	0	0	0	4,715
Urban Park and Recreation Fund	BA	0	0	0	0	0
	O	7,141	0	0	0	7,141
Illinois and Michigan Canal National Heritage Corridor Commission	BA	290	0	0	0	0 290
	O	530	0	0	0	530
Jaffarson Nat'l Expansion Memorial Comm	BA	75	0	0	0	75
	O	79	0	0	0	79
National Park System Visitor Facilities Fund	BA	0	0	0	0	0
	O	1,709	0	0	0	1,709
Land Acquisition	BA	87,229	0	(67,638)	0	19,592
	O	200,000	0	(21,720)	0	178,280
Planning, Dev. & Opn of Rec Facilities	BA	0	0	0	0	0
	O	85	0	0	0	85
Historic Preservation Fund	BA	24,230	0	(15,000)	0	9,230
	O	25,467	0	(4,000)	0	21,467
Commemorative activities fund	BA	0	0	0	0	0
	O	0	0	0	0	0
Total, NATIONAL PARK SERVICE	BA	889,060	17,631	(140,849)	0	767,122
	O	1,017,813	17,631	(35,370)	0	999,774

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(In thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
BUREAU OF INDIAN AFFAIRS						
Operation of Indian programs	BA	921,182	0	0	0	921,182
	O	918,422	0	0	0	918,422
Construction	BA	68,601	0	(22,811)	0	68,790
	O	104,877	0	(6,843)	0	98,034
Road construction	BA	0	0	0	0	0
	O	2,343	0	0	0	2,343
Payment to the Alaska Native Escrow	BA	0	0	0	0	0
	O	0	0	0	0	0
Payment to White Earth Econ. Devel. Fund	BA	6,600	0	0	0	6,600
	O	6,600	0	0	0	6,600
Revolving fund for loans	BA	0	0	0	0	0
	O	7,832	0	0	0	7,832
Indian loan guaranty and insurance fund	BA	2,402	0	0	0	2,402
	O	9,984	0	0	0	9,984
Liquidation of Hoonah Housing Project	BA	0	0	0	0	0
	O	2	0	0	0	2
Miscellaneous trust funds	BA	1,000	0	0	0	1,000
	O	1,000	0	0	0	1,000
Total, BUREAU OF INDIAN AFFAIRS	BA	1,019,850	0	(22,811)	0	997,039
	O	1,047,660	0	(6,843)	0	1,040,817
TERRITORIAL AND INTERNATIONAL AFFAIRS						
Administration of territories	BA	79,224	0	(2,000)	0	79,724
	O	81,480	0	(2,000)	0	79,480
Trust Territory of the Pacific Islands	BA	67,587	0	0	0	67,587
	O	88,000	0	0	0	88,000
Compact of free association	BA	2,250	0	0	0	2,250
	O	205,968	0	0	0	205,968
Total, TERRITORIAL/INTERNAT'L AFFAIRS	BA	147,061	0	(2,000)	0	148,561
	O	370,418	0	(2,000)	0	368,418

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
OFFICE OF THE SECRETARY						
Salaries and expenses	BA	42,816	0	0	0	42,816
	O	40,810	0	0	0	40,810
Salaries & expenses (special foreign curr.	BA	0	0	0	0	0
	O	1,961	0	0	0	1,961
Construction management	BA	684	0	0	0	684
	O	747	0	0	0	747
Total, OFFICE OF THE SECRETARY	BA	43,500	0	0	0	43,500
	O	43,518	0	0	0	43,518
OFFICE OF THE SOLICITOR						
Office of the Solicitor	BA	20,000	0	0	0	20,000
	O	20,797	0	0	0	20,797
Total, OFFICE OF THE SOLICITOR	BA	20,000	0	0	0	20,000
	O	20,797	0	0	0	20,797
OFFICE OF INSPECTOR GENERAL						
Office of the Inspector General	BA	16,300	0	0	0	16,300
	O	16,778	0	0	0	16,778
Total, OFFICE OF INSPECTOR GENERAL	BA	16,300	0	0	0	16,300
	O	16,778	0	0	0	16,778

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Current Appropriations

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS		Enacted	Proposed Supplementals	Proposed Rescissions	Proposed Transfers	Current Estimate
DEPARTMENT OF THE INTERIOR						
Bureau of Land Management	BA	666,702	0	(10,800)	0	655,902
	O	662,331	0	(7,485)	0	654,846
Minerals Management Service	BA	160,697	0	0	0	160,697
	O	169,084	0	0	0	169,084
Office of Surface Mining	BA	303,723	0	0	0	303,723
	O	344,872	0	0	0	344,872
Bureau of Reclamation	BA	867,647	0	0	0	867,647
	O	920,983	0	0	0	920,983
Geological Survey	BA	418,665	2,597	0	0	421,262
	O	418,845	1,720	0	0	420,565
Bureau of Mines	BA	138,162	0	(16,594)	0	121,568
	O	136,712	0	(12,270)	0	124,442
Fish and Wildlife Service	BA	396,275	2,800	(70,463)	0	328,612
	O	390,284	2,716	(38,384)	0	354,566
National Park Service	BA	889,060	17,631	(149,569)	0	757,122
	O	1,017,513	17,631	(35,370)	0	999,774
Bureau of Indian Affairs	BA	1,019,835	0	(22,811)	0	997,024
	O	1,047,680	0	(6,843)	0	1,040,837
Territorial and International Affairs	BA	147,861	0	(2,500)	0	145,361
	O	370,415	0	(2,000)	0	368,415
Office of the Secretary	BA	43,500	0	0	0	43,500
	O	43,518	0	0	0	43,518
Office of the Solicitor	BA	20,880	0	0	0	20,880
	O	20,797	0	0	0	20,797
Office of Inspector General	BA	16,300	0	0	0	16,300
	O	16,778	0	0	0	16,778
Total, DEPARTMENT OF THE INTERIOR	BA	5,089,387	23,028	(272,737)	0	4,839,678
	O	5,589,732	22,067	(102,322)	0	5,479,477

2. Question: For each rescission, deferral or supplemental appropriation indicated in question 1, would you provide for the record its justification and status?

Answer: With respect to the status of the FY 1987 supplemental and rescission proposals, they have been officially submitted by the President but no action has been taken by the Congress as of February 13. The 45 legislative days regarding rescissions runs out on March 14. There are no deferrals proposed for FY 1987. A justification of the proposed supplementals and rescissions follows:

FY 1987 Supplemental Proposals

(In thousands of dollars)

Bureau of Land Management:

Construction and Access [36]

In order to cover $2,000 in increased pay costs and $34,000 in increased retirement costs, $36,000 is proposed for transfer from the Bureau of Land Management's Land Acquisition account.

Office of Surface Mining Reclamation and Enforcement:

Regulation and Technology [1,307]

In order to cover $642,000 in increased pay costs and $665,000 in increased retirement costs, $1,307,000 in unobligated balances is proposed for transfer from the Abandoned Mine Reclamation Fund. These costs cannot be absorbed in the Regulation and Technology appropriation. They can be absorbed in the AML appropriation due to the availability of prior year funding resulting from the completion of Federal projects for less than originally estimated (the funds are not from the grant activity). The transfer will have no effect on program requirements in the AML appropriation and will avoid the need to consider revisions to the planned FY 1987 regulatory program.

Bureau of Reclamation:

Construction Program [5,600]

The proposed funds would be used to initiate Kesterson Reservoir and San Luis Drain cleanup activities by the Bureau of Reclamation. These costs will be financed by a transfer of $5.6 million in unobligated balances from the Bureau's Loan Program. The transfer of these funds is needed for the Department to carry out the proposal made by the Department to the California State Water Resources Control Board for cleanup of Kesterson Reservoir.

Geological Survey:

Surveys, Investigations and Research

Financial Integration Review for Mgmt (FIRM) 2,000

Specifications to procure needed software will form the basis for a standard accounting/payment system for the Department. This supplemental will provide necessary financing to reaffirm accounting requirements in all Bureaus, develop a standard approach to meet those requirements, and develop the specifications for the software. The system will be installed first in the Geological Survey.

FY 1986 Emergency Equipment Replacement 597

These funds will be used to replenish the National Park Service Land Acquisition Fund, from which an FY 1986 emergency fund request under Section 102 of the General Provisions of the Interior Appropriations Act was approved to cover costs related to floods in several States, volcano eruptions in Hawaii and Alaska, and damage to equipment at the Hawaiian Volcano Observatory during an electrical storm during FY 1986.

Fish and Wildlife Service:

Resource Management 2,800

These funds will be used to recover FY 1986 emergency expenditures for fire fighting made in accordance with Section 102.

National Park Service:

Operation of the National Park System

FY 1986 Firefighting Costs 13,000

These funds will be used to recover FY 1986 emergency expenditures for fire fighting made in accordance with Section 102.

Park Police 4,631

The Service is requesting $2,411,000 to augment operating programs of the Park Police. Funding constraints over the past five years, coupled with continuing attrition, have depleted the ranks of sworn officers. The proposed increase will fund two additional recruit classes of 24 officers each and provide adequate funding to replace essential equipment and supplies, such as police cruisers, radios, and bullet-proof vests, on a timely basis.

In response to a March 1986 GAO report, the National Park Service is planning to move away from the use of the emergency law and order authority provided in the annual appropriations bill and instead to provide sufficient funding within the base operating budget of the Park Police to cover activities in Washington D.C. metro area and at Gateway National Recreation Area in New York. A total of $2,220,000 ($1,775,000 for the Washington, D.C. metro area and $445,000 for Gateway) is requested for this purpose. These funds will be used to pay for additional seasonal law enforcement aides to handle routine law enforcement responsibilities during the peak visitor season and overtime for permanent U.S. Park Police officers and other law enforcement personnel for coverage at planning special events, parades, festivals, celebrations, and demonstrations.

FY 1987 Rescission Proposals

(In thousands of dollars)

Bureau of Land Management:

Management of Lands and Resources (6,500)

Within the lands and realty management activity, a rescission of $1 million is proposed for the Alaska lands program. The proposed rescission will result in a reduction in up-front work leading to conveyance in FY 1987 and FY 1988. It will also result in reduced acres conveyed to the State of Alaska and to Native corporations, reflected primarily in reduced accomplishments beyond FY 1988. Remaining funding will allow the Bureau to continue making considerable progress in meeting program goals for the confirmation of land title and conveyances to the State of Alaska, Alaska Native corporations, and Native allotment cases. Efforts in other Alaska lands and realty efforts, such as the "Townsite" initiative, the submerged lands inventory, and an upgrading of computer and other equipment related to the Alaska lands record system will also continue.

A $2 million rescission is proposed for the Alaska cadastral survey program. This program would still be adequately funded to accomplish surveys for State selections and Native allotments under the patent plan process. The rescission of $2 million would result in the deferral of 50 miles of rectangular survey and 340 miles of special surveys to future years. A rescission of $3.5 million is also proposed for the program to control outbreaks of Mormon crickets and grasshoppers on public lands should an economic infestation occur. In 1987, $5 million of no-year funding was provided for this program. The Bureau does not anticipate the need for more than $1.5 million remaining after the rescission to conduct control work during FY 1987.

Construction and Access (1,600)

Funds proposed for rescission were appropriated in FY 1987 for the acquisition and rehabilitation of a building in Kotzebue, Alaska, which would provide facilities for employees of the BLM, National Park Service, and Fish and Wildlife Service. The need for and benefits of acquiring the facility and co-locating offices for the three bureaus have not been fully evaluated by the Department.

Land Acquisition (2,700)

Priority acquisitions are being accomplished through the use of carryover funds. The proposed rescission would continue this policy by reducing the level of funding to help achieve deficit reduction goals of the Balanced Budget and Emergency Deficit Control Act of 1985. The effect of the proposed rescission would be to delete funds appropriated in FY 1987 for acquisition of land near the Red Rocks Recreation Area in Nevada.

Bureau of Mines:

Mines and Minerals (16,594)

The objective of the proposed rescission is to reduce the deficit and help meet the FY 1988 Gramm-Rudman-Hollings target by reducing lower priority projects. Activities proposed for rescission are those added above the FY 1987 budget request, except for funding for the Idaho National Engineering Laboratory and Abandoned Mine Land Research transferred from the Office of Surface Mining Reclamation and Enforcement. Activities which would not be conducted as a result of the rescission include:

Health and Safety Technology: Grant funding to the Generic Center for Respirable Dust would be discontinued. Reductions would be made in rock burst and mountain bump studies in ground control; industrial hazards efforts in robotics; mine disaster prevention efforts in methane control and drainage, fires and explosions, and post disaster research on evaluation of self-contained self-rescuers.

Mining Technology: Surface proof of concept validation of mining machinery would be terminated. Reductions would be made in the funding of the in situ copper mining demonstration; efforts on water decontamination studies and acid mine drainage control; and subsidence control research.

Minerals and Materials Research: Various efforts in mineral resources would be reduced; funding for the St. Joe Flame Reactor contract would be discontinued.

Mineral Data Analysis: Site specific mineral investigations in Alaska would be reduced.

Mineral Institutes: Federal funding for allotment and research grants would be discontinued.

Fish and Wildlife Service:

Resource Management (20,500)

The objective of the proposed rescission is to achieve savings in Federal expenditures by reducing lower priority projects in areas such as endangered species (e.g., status surveys of candidate species), refuge operations and maintenance, Alaska subsistence grants, law enforcement operations (e.g., southwest and Caribbean law enforcement), hatchery maintenance, and research and development. A list of the specific projects proposed for rescission follows.

Construction (23,200)

The objective of the proposal is to reduce the deficit ahd help meet the FY 1988 Gramm-Rudman-Hollings target by rescinding funds for 13 construction projects not related to health and safety (-$21,200,000) and State grants and special research studies related to anadromous fish (-$2,000,000). Each of the projects proposed for rescission can be deferred without significant adverse impacts on fish and wildlife resources. Rescission of anadromous fish grants is possible because one of its original objectives -- to encourage inter-State cooperation -- can be ensured by a number of commissions, compacts, and/or other entities without continuing these grants. Also the expanded Sport Fish Restoration Program requires greater consideration of marine and anadromous fishery needs. Carryover funds from FY 1986 are adequate to complete current anadromous fish studies and a final report to be submitted to the Congress in FY 1987. A list of the construction projects proposed for rescission follows.

Land Acquisition (26,763)

This rescission is proposed to reduce the deficit and help meet the FY 1988 Gramm-Rudman-Hollings target from Federal projects where land acquisition can be deferred without adverse impact on fish and wildlife resources. A list of the land acquisition projects proposed for rescission follows.

National Park Service:

Operation of National Park System (7,950)

The proposal would eliminate funding for a site in Scranton, Pa., known as Steamtown. This site includes land, roundhouse, switchyard, associated buildings, track, and equipment. Railroad specialists from the Smithsonian, the B&O Museum in Baltimore, and the St. Louis Museum have questioned the desirability of designating Steamtown as a national historic site to commemorate railroads and have questioned the historical significance of the Steamtown collection. The rescission is proposed to allow the Park Service to conduct a study of the proposed area. The study should be completed in FY 1987, prior to substantial outlay of funds.

Historic Preservation Fund (15,000)

It is the Administration's policy that historic preservation at the State level is a State responsibility. Federal historic preservation grants are used by many States to finance historic preservation organizations. States should determine the appropriate level of funding for these activities based on State priorities. Moreover, the Economic Recovery Tax Act of 1981 incorporates specific provisions which enhance tax incentives for the rehabilitation of income-producing historic buildings. From FY 1982 through FY 1986, over 13,300 projects have qualified for preservation tax incentives representing a private investment of $9.4 billion. These incentives will be sufficient to provide for the preservation and protection of historic properties without Federal support for State programs.

Construction (58,891)

The objectives of this proposal is to reduce the deficit and help meet the FY 1988 Gramm-Rudman-Hollings target by eliminating funds added to the FY 1987 budget request beyond critical needs such as health and safety problems. A list of the construction projects proposed for rescission follows.

Land Acquisition (97,638)

The objective of this proposal is to reduce the deficit and help meet the FY 1988 Gramm-Rudman-Hollings target. The proposal includes $30 million in FY 1987 contract authority. This authority was last used in 1969 and 1970 and there are no plans to use it in the future. The contract authority lapsed in FY 1971-81 and was rescinded by the Congress in FY 1982-86. The Administration is also requesting that Congress permanently terminate the availability of this authority. The proposed rescission also includes $64,450,000 appropriated in FY 1987 and $3,188,000 from prior years. The Federal Government already owns more than 730 million acres of land. In addition, States, counties, and municipalities own substantial acreage. This public land is generally available for public recreation use. None of the projects that would be postponed or cancelled is considered essential. A list of the land acquisition projects proposed for rescission follows.

Bureau of Indian Affairs:

Construction (22,811)

The objective of this proposal is to reduce the deficit and help meet the FY 1988 Gramm-Rudman-Hollings target. The proposal would rescind funds for Juvenile Detention Centers; reduce the amount appropriated for Housing Construction to $16,295,000; and rescind funds appropriated for the Navajo Indian Irrigation Project, the Gila River Farms/Sacaton Ranch irrigation Project, and the Fort McDowell Irrigation Rehabilitation Project.

With respect to juvenile detention centers, the proposal would rescind $7.5 million appropriated in FY 1987. Through funding provided in the Emergency Jobs bill a number of Bureau jails were renovated to provide separate quarters for juvenile offenders. Based on area priorities for the use of facility improvement and repair funds, such renovations will be an ongoing activity within the Bureau. This approach is considered a better alternative to construction of separate centers for juveniles. With respect to housing, the proposal to rescind $6.3 million would eliminate funding for new housing construction. Under the proposed rescission, Block 6 of the Navajo Indian Irrigation Project would not be completed; land-leveling work (which is the next construction stage) would not be accomplished on the Gila Farms/Sacaton Ranch Irrigation Project; and on-farm canals for water delivery would not be constructed to irrigate lands on the Fort McDowell Irrigation Rehabilitation Project.

Territorial and International Affairs:

Administration of Territories (2,500)

This proposal reduces technical assistance grants for U.S. territories, the Trust Territory, and the freely associated states to the FY 1987 request level of $2.2 million. Low priority assistance can be deferred without adverse effects on the territories.

Fish and Wildlife Service
FY 1987 Resource Management Projects Proposed for Rescission

(In thousands of dollars)

Fish and Wildlife Enhancement	
Endangered Species	
Status surveys of candidate species	(250)
Pre-listing activities	(250)
Consultation	(300)
Permits	(50)
Aleutian Canada goose	(100)
Hawaiian forestbirds	(75)
Puerto Rican parrot	(100)
Peregrine falcon	(300)
Grants to States	(4,300)
Ecological Services	
Des Plaines study	(300)
Refuges and Wildlife	
Refuge Operations and Maintenance	
Water rights	(142)
Restore maintenance	(8,798)
Alaska refuge O&M	(960)
Arctic goose education program	(300)
Alaska subsistence grants	(974)
Law Enforcement Operations	
Enhanced operations	(300)
Forensic lab	(250)
Southwest law enforcement	(200)
Caribbean law enforcement	(50)
Migratory Bird Management	
Western Hemisphere Convention	(109)
Fisheries	
Hatchery Operations and Maintenance	
National fish hatchery maintenance	(566)
Research and Development	
Fish and Wildlife Research Center O&M	
Purpose loosestrife control	(20)
Exotic plant control	(80)
Polar bear	(136)
Sea otter	(300)
Walrus	(200)
Northeast Anadromous Lab	(115)
Gainesville Lab operations	(150)
Yukon River chum salmon project	(125)
Leetown striped bass facility	(300)
Black-footed ferret	(50)
Whooping crane	(150)
Maintenance and equipment replacement	(200)

Fish and Wildlife Service
FY 1987 Construction

(Dollar Amounts in Thousands)

Project	Congressional Increases Not Rescinded	Proposed Rescission
National Wildlife Refuges		
Kenai NWR, AK--rehabilitation of public use facilities		1,500
Bogue Chitto NWR, LA--visitor center		1,200
Eastern Shore of Virginia NWR, VA--visitor center and habitat restoration		400
Minnesota Valley NWR, MN--visitor center	10	3,310
Kilauea Point, HI--visitor facility	1	899
National Fish Hatcheries		
Coleman NFH, CA--broodstock facility prerelease ponds	75	2,125
Nisqually Fish Hatchery, WA--new hatchery		4,600
Northeast Fishery Center, PA--rehabilitation of ponds and raceways		613
Fishery Research Facilities		
National Fish R&D Lab, PA--ground water system	10	130
Leetown National Fishery Center, WV--raceway and pond rehabilitation		2,000
Northeast Anadromous Fish Research Laboratory, MA--new laboratory	55	2,445
Wildlife Research Facilities		
National Forensics Laboratory, OR		1,750
Advance Planning		
Advance Planning	49	228
	200	21,200

Fish and Wildlife Service
FY 1987 Land Acquisition

($000)

	1987 Enacted to Date	Proposed Rescission	Revised Request
Alligator River, NC	650	650	0
Arenaas, TX	3,000	0	3,000
Ash Meadows, NV	500	500	0
Bayou Sauvage, LA	3,000	3,000	0
Bogue Chitto, LA	1,000	826	174
Bon Secour, AL	500	400	100
Connecticut Coastal, CT	600	600	0
Eastern Shore, VA	375	375	0
Finnegan Cut, CA	1,100	1,100	0
Florida Panther, FL	3,000	3,000	0
Great Dismal Swamp, NC & VA	750	750	0
Hakalau Forest, HI	3,000	3,000	0
Kirtlands Warbler, MI	300	300	0
Lower Rio Grande, TX	6,000	3,000	3,000
Lower Suwannee NWR, FL	1,500	1,500	0
Minnesota Valley, MN	1,500	1,418	82
National Key Deer, Fl	2,000	789	1,211
Rachel Carson, ME	900	805	95
Red Rock Lakes, MI	2,000	1,000	1,000
Sacramento, CA	2,200	0	2,200
San Francisco Bay, CA	1,500	1,500	0
Tensas River, LA	1,000	1,000	0
Willapa, WA	3,300	0	3,300
Acquisition Management	1,750	250	1,500
Inholdings	1,000	1,000	0
Total	42,425	26,763	15,662

National Park Service
FY 1987 Construction Program
($000)

Activity/Subactivity/Project	President's Budget	Congressional Add-on	Enacted	Proposed Rescission	Balance Available
Planning:					
Advance planning	2,800	1,800	4,600	1,800	2,800
Project planning	4,996	3,508	8,500	3,508	4,996
Subtotal, Planning	7,796	5,308	13,100	5,308	7,796
Emergency and Unscheduled Projects	2,000	1,000	3,000	1,000	2,000
Line Item Construction:					
Bryce Canyon NP	1,800	—	1,800	—	1,800
Cape Cod NS	—	1,195	1,195	1,195	—
Cape Hatteras NS	—	4,070	4,070	4,070	—
Chesapeake and Ohio Canal NHP	—	2,000	2,000	2,000	—
Chickasaw NRA	870	500	1,370	500	870
Cuyahoga Valley NRA	—	1,430	1,430	1,430	—
Death Valley NM	900	—	900	—	900
Delaware Water Gap NRA	—	1,600	1,600	1,600	—
Denali NP&P	—	3,550	3,550	3,550	—
Fort McHenry NM	860	—	860	—	860
Fort Union Trading Post NHS	—	700	700	700	—
Glen Canyon NRA	—	30	30	30	—
Grand Canyon NP	4,181	435	4,616	435	4,181
Haleakala NP	—	500	500	500	—
Harpers Ferry NHP	—	140	140	140	—
Home of Franklin D. Roosevelt NHS	—	210	210	210	—
Hot Springs NP	—	3,000	3,000	3,000	—
Jean Lafitte NHP	—	1,080	1,080	1,080	—
Johnstown Flood NM	—	4,950	4,950	4,950	—
Katmai NP&P	—	320	320	320	—
Lowell Historic Preservation Comm.	—	2,700	2,700	2,700	—
Natchez Trace Parkway	—	11,900	11,900	11,900	—
New River Gorge NR	—	2,600	2,600	2,600	—
North Cascades NP	—	760	760	760	—
Sitka NHP	—	700	700	700	—
Springfield Armory NHS	—	3,617	3,617	3,617	—
Voyageurs NP	—	1,990	1,990	1,990	—
Yellowstone NP	3,357	2,000	5,357	2,000	3,357
Yosemite NP	7,350	700	8,050	700	7,350
Subtotal, Line Item Construction	19,318	52,677	71,995	52,677	19,318
Total, Construction	29,114	58,981	88,095	58,981	29,114

National Park Service
Land Acquisition and State Assistance
($000)

	President's Budget	Congressional Add-on	Enacted	NPS Retained/ Obligations	Proposed Rescission	Balance Available
Assistance to States:						
State Grants	—	32,700	32,700	—	32,700	—
Administrative Expenses	2,270	—	2,270	—	—	2,270
Subtotal, Assistance to States	2,270	32,700	34,970	—	32,700	2,270
National Park Service:						
Acquisition Management	5,000	—	5,000	—	—	5,000
Hardships, inholdings, emergencies	8,000	—	5,000	—	—	8,000
Acadia NP, ME	—	3,500	3,500	242	3,258	—
Apostle Islands NL, WI	—	300	300	—	300	—
Appalachian Trail	—	7,000	7,000	6,574	426	—
Big Cypress NP, FL	—	2,000	2,000	—	2,000	—
Big Thicket NP, TX	—	4,000	4,000	—	4,000	—
Cuyahoga Valley NRA, OH	—	4,500	4,500	—	4,500	—
Delaware Water Gap NRA, PA	—	2,000	2,000	—	2,000	—
Gates of the Arctic NP, AK (Walker Property)	—	175	175	175	—	
Golden Gate NRA, CA	—	2,000	2,000	—	2,000	—
Haleakala NP, HI	—	1,000	1,000	—	1,000	—
Indiana Dunes NL, IN	—	1,000	1,000	—	1,000	—
Lake Clark NPP, AK	—	1,675	1,675	175	1,500	—
Lowell NHP, MA	—	800	800	700	100	—
Mound City Group, OH	—	1,000	1,000	—	1,000	—
New River Gorge NR, WV	—	1,000	1,000	—	1,000	—
North Cascades NP, WA	—	500	500	—	500	—
Olympic NP, WA	—	2,000	2,000	1000	1,000	—
San Antonio Mission NHP, TX	—	500	500	—	500	—
Santa Monica Mtns. NRA, CA	—	6,000	6,000	538	5,466	—
Sequoia-Kings Canyon NP, CA	—	1,100	1,100	.1100		—
Wind Cave NP, SD	—	200	200	—	200	—
Subtotal, NPS	13,000	42,250	52,250	10,500	31,750	13,000
Subtotal, Assistance to States and Land Acquisition	15,270	74,950	87,220	10,500	64,450	15,270
Contract Authority					30,000	
Prior year unobligated balances					3,188	
Total, NPS					97,638	

FY 1988 Budget Request

3. Question: Would you provide for the record a fiscal year 1988 appropriations account baseline table, indicating the request (a) made for each program by the Bureau of the Secretary, (b) made by the Department to OMB, and (c) included in the President's proposed budget?

Answer: A table providing the FY 1988 budget history follows.

DEPARTMENT OF THE INTERIOR
FY 1988 Budget History

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	Request to Department	Request to OMB	Request to Congress
BUREAU OF LAND MANAGEMENT			
Management of lands and resources	385,691	388,823	407,952
Construction and Access	1,377	1,377	1,281
Payments in lieu of taxes	105,000	105,000	105,000
Oregon and California grant lands	51,160	51,160	53,937
Special acquisition of lands and minerals Cranberry wilderness area	0	0	0
Land Acquisition	10	10	10
Range improvements	8,506	8,506	8,506
Service charges, deposits, and forfeitures	5,195	5,195	7,195
Miscellaneous trust funds	100	100	100
Total, Bureau of Land Management	557,039	560,171	583,981
MINERALS MANAGEMENT SERVICE			
Leasing and royalty management	160,076	161,355	168,563
Payments to states from receipts under the Mineral Leasing Act	450	0	750
Total, MINERALS MANAGEMENT SERVICE	160,526	161,355	169,313
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT			
Regulation and technology	105,180	105,180	105,605
Abandoned mine reclamation fund	208,720	209,270	186,799
Total, OFFICE OF SURFACE MINING	313,900	314,450	292,404
BUREAU OF RECLAMATION			
Construction program	728,255	752,256	700,158
Loan program	38,759	38,800	28,809
General investigations	27,820	26,000	11,559
Emergency fund	1,000	1,000	1,000
Operation and maintenance	163,791	156,000	154,297
General administrative expenses	51,200	51,200	53,290
Working capital fund	5,000	3,000	0
Total, BUREAU OF RECLAMATION	1,015,825	1,028,256	949,113

DEPARTMENT OF THE INTERIOR
FY 1988 Budget History

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	Request to Department	Request to OMB	Request to Congress
GEOLOGICAL SURVEY			
Surveys, investigations, and research	395,500	404,576	420,178
Total, GEOLOGICAL SURVEY	395,500	404,576	420,178
BUREAU OF MINES			
Mines and minerals	107,100	111,245	118,630
Total, BUREAU OF MINES	107,100	111,245	118,630
FISH AND WILDLIFE SERVICE			
Resource management	290,338	286,744	302,203
Construction	23,612	13,090	8,657
Land acquisition	11,000	1,500	1,639
Migratory bird conservation account (MBCA)	0	0	0
National wildlife refuge fund	14,910	14,910	5,645
Total, FISH AND WILDLIFE SERVICE	339,860	316,244	318,144
NATIONAL PARK SERVICE			
Operation of the National Park System	661,877	679,613	714,844
National Recreation and Preservation	9,547	9,547	10,317
Construction	48,744	29,114	30,998
Road Construction	0	0	0
John F. Kennedy Ctr for the Performing Arts	4,771	4,771	4,920
Urban Park and Recreation Fund	0	0	0
Illinois and Michigan Canal National Heritage Corridor Commission	0	0	0
Jefferson Nat'l Expansion Memorial Comm	0	0	0
National Park System Visitor Facilities Fund	[6,500]	[4,700]	[4,700]
Land Acquisition	26,870	15,270	16,831
Planning, Dev, & Opn of Rec Facilities	0	0	0
Historic Preservation Fund	0	0	0
Commemorative Activities Fund	0	0	0
Total, NATIONAL PARK SERVICE	743,809	738,315	777,102

DEPARTMENT OF THE INTERIOR
FY 1988 Budget History

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	Request to Department	Request to OMB	Request to Congress
BUREAU OF INDIAN AFFAIRS			
Operation of Indian programs	903,945	910,764	910,181
Construction	105,285	101,434	57,894
Road construction	1,000	1,000	0
Payment to the Alaska Native Escrow	0	0	0
Payment to White Earth Econ. Devel. Fund	0	0	0
Miscellaneous Payments to Indians	0	3,368	13,628
Revolving fund for loans	9,000	9,000	0
Indian loan guaranty and insurance fund	4,985	4,985	3,285
Liquidation of Hoonah Housing Project	0	0	0
Miscellaneous trust funds	5,000	0	0
Total, BUREAU OF INDIAN AFFAIRS	1,029,215	1,030,551	984,988
TERRITORIAL AND INTERNATIONAL AFFAIRS			
Administration of territories	77,715	74,465	61,933
Trust Territory of the Pacific Islands	31,000	17,480	14,820
Compact of free association	28,860	34,080	27,920
Total, TERRITORIAL & INTERNAT'L AFFAIRS	137,575	125,945	104,673
OFFICE OF THE SECRETARY			
Salaries and expenses	52,383	47,018	50,976
Salaries & expenses (special foreign curr)	0	0	0
Construction management	0	0	0
Total, OFFICE OF THE SECRETARY	52,383	47,018	50,976
OFFICE OF THE SOLICITOR			
Office of the Solicitor	20,016	22,361	24,794
Total, OFFICE OF THE SOLICITOR	20,016	22,361	24,794

DEPARTMENT OF THE INTERIOR
FY 1988 Budget History

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	Request to Department	Request to OMB	Request to Congress
OFFICE OF INSPECTOR GENERAL			
Office of the Inspector General	17,080	17,080	18,090
Total, OFFICE OF INSPECTOR GENERAL	17,080	17,080	18,090
DEPARTMENT OF THE INTERIOR			
Bureau of Land Management	557,039	560,171	583,981
Minerals Management Service	160,526	161,355	169,313
Office of Surface Mining	313,900	314,450	292,404
Land and Minerals Management	1,031,465	1,035,976	1,045,698
Bureau of Reclamation	1,015,825	1,028,256	949,113
Geological Survey	395,500	404,576	420,178
Bureau of Mines	107,100	111,245	118,630
Water and Science	1,518,425	1,544,077	1,487,921
Fish and Wildlife Service	339,860	316,244	318,144
National Park Service	743,009	738,315	777,102
Fish and Wildlife and Parks	1,082,869	1,054,559	1,095,246
Bureau of Indian Affairs	1,029,215	1,030,551	984,988
Territorial and International Affairs	137,575	125,945	106,673
Office of the Secretary	52,383	47,018	50,976
Office of the Solicitor	20,016	22,361	24,794
Office of Inspector General	17,080	17,080	18,090
Total, DEPARTMENT OF THE INTERIOR	4,889,028	4,877,567	4,812,386

4. Question: Would you provide for the record a table by Bureau for each appropriations account indicating --

   a. any assumptions regarding carryover of fiscal year 1987 appropriations into fiscal year 1988?

   b. any proposed or anticipated supplemental appropriations?

   Answer: Tables providing information on carryover of fiscal year 1987 appropriations and proposed supplementals follow.

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Appropriations Accounts
Carryover into FY 1988

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	FY 1987 Carryover
BUREAU OF LAND MANAGEMENT	
Management of lands and resources	0
Construction and Access	1,187
Payments in lieu of taxes	0
Oregon and California grant lands	862
Special acquisition of lands and minerals Cranberry wilderness area	0
Land Acquisition	1,372
Range improvements	2,082
Service charges, deposits, and forfeitures	5,324
Miscellaneous trust funds	0
Total, BUREAU OF LAND MANAGEMENT	10,827
MINERALS MANAGEMENT SERVICE	
Leasing and royalty management	0
Payments to states from receipts under the Mineral Leasing Act	0
Total, MINERALS MANAGEMENT SERVICE	0
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT	
Regulation and technology	0
Abandoned mine reclamation fund	1,469
Total, OFFICE OF SURFACE MINING	1,469
BUREAU OF RECLAMATION	
Construction program	0
Loan program	0
General investigations	0
Emergency fund	0
Operation and maintenance	0
General administrative expenses	0
Working capital fund	0
Total, BUREAU OF RECLAMATION	0

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Appropriations Accounts
Carryover into FY 1988

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	FY 1987 Carryover
GEOLOGICAL SURVEY	
Surveys, investigations, and research	115
Total, GEOLOGICAL SURVEY	115
BUREAU OF MINES	
Mines and minerals	0
Total, BUREAU OF MINES	0
FISH AND WILDLIFE SERVICE	
Resource management	158
Construction	23,321
Land acquisition	11,054
Migratory bird conservation account (MBCA)	0
National wildlife refuge fund	0
Total, FISH AND WILDLIFE SERVICE	34,533
NATIONAL PARK SERVICE	
Operation of the National Park System	0
National Recreation and Preservation	0
Construction	57,786
Road Construction	0
John F. Kennedy Ctr for the Performing Arts	0
Urban Park and Recreation Fund	0
Illinois and Michigan Canal National Heritage Corridor Commission	0
Jefferson Nat'l Expansion Memorial Comm	0
National Park System Visitor Facilities Fund	0
Land Acquisition	27
Planning, Dev, & Opn of Rec Facilities	0
Historic Preservation Fund	0
Construction (Trust Fund)	500
Total, NATIONAL PARK SERVICE	58,313

DEPARTMENT OF THE INTERIOR
Analysis of FY-1987 Appropriations Accounts
Carryover into FY 1988

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	FY 1987 Carryover
BUREAU OF INDIAN AFFAIRS	
Operation of Indian programs	63,589
Construction	48,950
Road construction	7,164
Payment to the Alaska Native Escrow	0
Payment to White Earth Econ. Devel. Fund	0
Miscellaneous Payments to Indians	0
Revolving fund for loans	0
Indian loan guaranty and insurance fund	0
Liquidation of Hoonah Housing Project	0
Miscellaneous trust funds	0
Total, BUREAU OF INDIAN AFFAIRS	119,703
TERRITORIAL AND INTERNATIONAL AFFAIRS	
Administration of territories	0
Trust Territory of the Pacific Islands	0
Compact of free association	9,340
Total, TERRITORIAL & INTERNAT'L AFFAIRS	9,340
OFFICE OF THE SECRETARY	
Salaries and expenses	0
Salaries & expenses (special foreign curr)	0
Construction management	0
Total, OFFICE OF THE SECRETARY	0
OFFICE OF THE SOLICITOR	
Office of the Solicitor	0
Total, OFFICE OF THE SOLICITOR	0

DEPARTMENT OF THE INTERIOR
Analysis of FY 1987 Appropriations Accounts
Carryover into FY 1988

(in thousands of dollars)

BUREAUS/OFFICES ACCOUNTS	FY 1987 Carryover
OFFICE OF INSPECTOR GENERAL	
Office of the Inspector General	0
Total, OFFICE OF INSPECTOR GENERAL	0
DEPARTMENT OF THE INTERIOR	
Bureau of Land Management	10,827
Minerals Management Service	0
Office of Surface Mining	1,469
Land and Minerals Management	12,296
Bureau of Reclamation	0
Geological Survey	115
Bureau of Mines	0
Water and Science	115
Fish and Wildlife Service	34,533
National Park Service	58,313
Fish and Wildlife and Parks	92,846
Bureau of Indian Affairs	119,703
Territorial and International Affairs	9,340
Office of the Secretary	0
Office of the Solicitor	0
Office of Inspector General	0
Total, DEPARTMENT OF THE INTERIOR	234,300

DEPARTMENT OF THE INTERIOR
FY 1988 President's Budget
Proposed FY 1987 Supplemental Appropriations

(Dollar amounts in thousands)

Bureau of Land Management	
Construction and Access	[34] 1/
Office of Surface Mining Reclamation and Enforcement	
Regulation and Technology	[1,387] 2/
Bureau of Reclamation	
Construction Program	
Kesterson & San Luis Cleanup	[5,600] 3/
Geological Survey	
Surveys, Investigations and Research	
Financial Integration Review for Mgmt (FIRM)	2,000
FY 1986 Emergency Equipment Replacement	397
Subtotal	2,397
Fish and Wildlife Service	
Resource Management	
FY 1986 Firefighting Costs	2,000
National Park Service	
Operation of the National Park System	
FY 1986 Firefighting Costs	13,000
Park Police	4,431
Subtotal	17,431
Total, Department of the Interior	23,828

1/ To be offset by transfer of $34,000 from "Land Acquisition" to cover $2,000 in increased pay costs and $34,000 in increased retirement costs.

2/ To be offset by transfer of $1,387,000 in unobligated balances from "Abandoned Mine Reclamation Fund" to cover $442,000 in increased pay costs and $445,000 in increased retirement costs.

3/ To be offset by transfer of $5.6 million in unobligated balances from "Loan Program."

5. Question: Would you provide for the record a list of any assumptions in the President's proposed budget that require legislation? In each case would you --

   a. provide a statement of purpose;

   b. provide the proposed language (if available) or indicate if, or when, the Administration intends to transmit such language to the Congress; and

   c. indicate whether, in the judgement of the Administration, such legislation would be sought from the Energy and Natural Resources Committee or as a rider on an appropriations act.

Answer: The list of legislation required to carry out assumptions in the President's fiscal year 1988 budget for Department of the Interior is listed below by bureau. Unless otherwise noted, the Administration intends to submit separate proposed authorizing legislation (as opposed to appropriation language).

Bureau of Land Management

- Oregon and California Grant Lands Net Receipt Sharing: Change the way Oregon and California RR Grant Lands receipts are shared with counties to deduct Federal costs before calculating the amount paid to the counties.

Minerals Management Service (MMS)

- Mineral Leasing Act Net Receipt Sharing: Change the way mineral receipts are shared with States and counties to deduct Federal costs before calculating the amount paid. (Being proposed solely in appropriations language.)

- Interest Payments to Royalty Payors: Authorize the Secretary to pay interest on mineral leasing royalty refunds upon successful appeals by royalty payors. (Being proposed also in appropriations language).

Office of Surface Mining Reclamation and Enforcement (OSMRE)

- Post - 1977 Surface Mining Reclamation: Allow monies collected from the imposition of civil penalties (currently deposited into the general fund of the Treasury) to be used by OSMRE for the reclamation of lands ineligible for abandoned mine land funding because the mining occurred after passage of the Surface Mining Control and Reclamation Act of 1977 (SMCRA). These collections are estimated to be $3 million in FY 1988. (Being proposed solely in appropriations language).

U.S. Geological Survey (USGS)

- Earthquake Hazards: Continue authorization for the Earthquake Program which includes earthquake prediction, monitoring, and research.

Bureau of Mines (BOM)

- Privatize Helium Operations: Part of this initiative includes forgiving the outstanding debt, including principal and interest, which was incurred to finance the acquisition of the helium reserve, plant, and equipment.

Fish and Wildlife Service (FWS)

- Endangered Species: Continue authorization of appropriations for Endangered Species Act programs.

National Park Service (NPS)

- Recreation User Fees: Authorize the Secretary to impose entrance fees at units of the National Park System where fees are currently prohibited and raise them at areas where they are now allowed. (Being proposed also in appropriation language.)

- Park Land Acquisition: Repeal the annual contract authority for park land acquisition in the Land and Water Conservation Fund Act.

Bureau of Reclamation (BOR)

- Appropriations ceiling for Oroville - Tonasket Unit of the Chief Joseph Dam Project: Increase the appropriations ceiling in order to carry out the fiscal year 1988 program and complete the authorized project.

Legislation will be sought from the Energy and Natural Resource Committee for the following:

- Oregon and California Grant Lands Fund Net Receipt Sharing (BLM)
- Interest Payments to Royalty Payors (MMS)
- Earthquake Hazards (USGS)
- Oroville-Tonasket/Joseph Dam Project (BOR)
- Recreation User Fees (NPS)
- Repealing contract authority for Park Land Acquisition (NPS)

The Administration intends to forward each of these proposals (unless otherwise noted) to the Congress as soon as possible. While many of these proposals have been transmitted to past Congresses and will be forthcoming by the end of this month, others have not. These will require more in-depth review wthin the Department and the Administration before being sent to the Congress.

6. Question: A new Federal Employee Retirement System was authorized by Public Law 99-335.

a. What are the assumptions being used regarding the budgetary effect of this new system?

Answer: Increased agency costs, effective January 1, 1987, result from the method of funding the new retirement system (FERS). Under the current system (CSRS), agency and employee contributions have been supplemented by an annual payment by Treasury to the Civil Service Retirement Fund. Under FERS, the employee contribution remains the same, but agencies must assume direct responsibility for funding the Government contribution.

According to OMB Bulletin No. 87-2, for estimating retirement costs, agencies were required to determine the aggregate payroll attributable to three populations: post-1983 hires (employees hired after December 31, 1983), "switchers" (CSRS enrollees switching into FERS), and "CSRS enrollees" (employees opting to stay in the current CSRS plan). OMB's general assumptions were applied government-wide as follows:

Participation: Forty percent of CSRS enrollees switch into the new FERS between July 1, 1987 and January 1, 1988.

Thrift Plan Utilization: Agencies contribute one percent of payroll for every FERS enrollee even if the employee contributes nothing. Agencies match 100 percent of employee's first three percent of pay contributed to the plan and 50 percent of the next two percent. Agency contributions to the Federal Retirement Thrift Investment Board for the thrift plan assumed to be static, in percentage terms, over the next five-year estimating period.

Regarding employee contributions to the thrift plan for FY 1987-92, agencies use a three percent total contribution for post-1983 hires and a four percent total contribution for the population switching into FERS.

Timing of Enrollment: Under FERS, agency contributions to Social Security and the Civil Service Retirement Fund begin January 1, 1987 for post-1983 hires. Contributions to the Thrift Investment Board for the thrift plan begin the first pay period in April 1987 for these employees. For estimating purposes, it is assumed that half of the current CSRS enrollees who will switch will do so July 1, 1987; the remaining half will do so December 31, 1987.

FERS-Covered Population: Agency contributions were determined by applying specific percentages spelled out in the OMB Bulletin.

As part of the FY 1988 budget, agency budget estimates for FY 1987 and FY 1988 reflect increased retirement costs. FY 1987 retirement costs, estimated at $35 million, will be absorbed by the Department. The FY 1988 Interior budget request includes $125 million for estimated costs of the new retirement system. The President's Budget assumes appropriations bill language in FY 1988 for all agencies which essentially puts a fence around the additional retirement money by providing that funds in excess of that required for FERS may not be used for other purposes.

The estimated number of Interior employees funded under FERS in FY 1987 include nearly 8,700 new employees hired since January 1, 1984; any new employees hired in FY 1987; and any employees currently under the CSRS who elect FERS coverage during the July - December 1987 open season.

A comparison of retirement contributions under CSRS and FERS as a percent of salary has been estimated by OMB as follows:

	CSRS	FERS	Change
Regular	7.00%	23.40%*	+16.40%
Law Enforcement	7.50%	38.70%**	+31.20%

* Annuity: 14.70%; Social Security: 5.70%; Thrift Plan: 3.00%
**Annuity: 30.00%; Social Security: 5.70%; Thrift Plan: 3.00%

Additional information on the cost of the new retirement system is available in the OMB Bulletin referred to above.

b. By Bureau, what are the baseline and additional dollar costs?

Answer: A table summarizing retirement costs by Bureau follows.

c. By Bureau, what, if any, effect on staffing levels is anticipated from the budget assumption that these additional costs will be absorbed?

Answer: Because these costs are particularly speculative, it is still too early to predict whether or not there will be any effect on staffing resulting from absorption. The budget does not reduce the FTE levels in FY 1987 related to absorbing these costs.

Department of the Interior
Retirement Costs

(Dollar amounts in thousands)

Bureau	FY 1987 Estimated Baseline	FY 1987 Additional Costs	FY 1988 Estimated Baseline	FY 1988 Additional Costs
Bureau of Land Management	$18,498	$4,691	$19,724	$17,449
Minerals Management Service	5,393	1,424	5,671	5,078
Office of Surface Mining	2,750	963	2,845	2,620*
Bureau of Reclamation	19,119	4,750	19,842	17,113
Geological Survey	23,327	5,859	24,842	21,788
Bureau of Mines	5,747	1,509	6,088	5,357
Fish and Wildlife Service	13,027	3,204	13,800	11,441
National Park Service	21,992	5,591	21,992	21,869
Bureau of Indian Affairs	19,540	5,130	19,902	18,612
Territorial and International Affairs	154	26	181	96
Departmental Offices				
Office of the Secretary	1,876**	522**	1,947	1,914
Office of the Solicitor	985	244	1,015	881
Office of Inspector General	728	212	693	685
Total	$133,136	$34,125	$138,542	$124,903

* Excludes $188,000 for Department of Agriculture Rural Abandoned Mine Program.

**Includes Office of Construction Management.

7. Question: In the case of Federal programs and activities which receive off-setting fees, collections, etc., implementation of the Gramm-Rudman-Hollings Act would sequester budgetary resources on the basis of gross, rather than net, budgetary resources. Would you provide for the record --

a. a list of those programs or activities within your Department that receive such off-setting fees, collections, etc. (whether directly or subject to appropriations);

b. a description of such program or activity, including an indication of whether such fees, collections, etc., are for services provided for others (either Federal agencies or others); and

Answer: A summary of activities which receive off-setting collections follows.

BUREAU OF LAND MANAGEMENT

The Bureau of Land Management provides a variety of reimbursable services under the Management of Lands and Resources account which receives off-setting collections. These services are provided for other Federal agencies such as the Department of Navy, Air Force, Energy and Agriculture, as well as other Department of Interior Bureaus and non-Federal entities. In past years, one of these reimbursable services has been providing copies of BLM information, maps and photos; however the 1988 President's Budget proposes shifting this reimbursable activity to service charges.

Other reimbursables in the Management of Lands and Resources account, in the area of energy and minerals activities, are oil and gas lease advertisement, data collection and geological services. Lands and realty activities are comprised of reimbursable services such as right-of-way processing, exchange processing, regulatory compliance, utility corridor maps, and withdrawal processing.

In the area of surface resource activities, BLM provides river study plans, environmental assessments, prescribed burns, fence and stock water construction, archeological studies, aerial photography, wildlife inventories and migratory studies, as well as the capture and removal of wild horses.

The Bureau also provides data management, road design, cadastral survey, fire management and miscellaneous administrative services such as vehicle repair and building and maintenance.

GEOLOGICAL SURVEY

The U.S. Geological Survey (USGS) receives off-setting collections from non-Federal reimbursable sources in all their National Mapping, Geography, and Surveys; Geologic and Mineral Resource Surveys and Mapping; and Water Resources Investigations activities, and a small amount of computer services reimbursements under a Miscellaneous Services activity.

In the State Cooperative Program, the Federal Government matches up to 50 percent of the cost of any topographic mapping on water resources investigations carried out in cooperation with State and local entities to accomplish work specified in agreements. The Federal share cannot exceed 50 percent and a specific amount that can be offered under the 50 percent limitation is established in the annual appropriations language.

Under the National Mapping program, receipts are retained to cover the costs of printing and distributing maps.

BUREAU OF MINES

The Helium Act Amendments of 1960, P.L. 86-777 (50 U.S.C. 167), authorized activities necessary to provide sufficient helium to meet the current and foreseeable future needs of essential government activities. The program includes production, conservation, sale, and distribution of helium and involves the management of helium program facilities and resources to:

(a) provide helium to meet current demands of all Federal agencies.
(b) provide helium to meet the foreseeable future helium requirements of essential government programs.
(c) conduct investigations and evaluations to improve the helium program.

Approximately 50% of the revenue deposited in the Helium Fund come from the sale of helium to Federal agencies. Helium is sold only to Federal agencies on an as-needed basis at a price set by the Secretary of Interior. The remaining 50% of revenues deposited in the Helium Fund come from services the Bureau of Mines performs for Federal and other consumers such as storage of helium in the Cliffside gas field, general maintenance of helium equipment, helium container rentals and so forth. Receipts collected from these activities support all Bureau of Mines activities related to helium production, conservation, sale, distribution and research.

FISH AND WILDLIFE SERVICE

The off-setting collections identified in the Service's Resource Management Reimbursable Program for sequestration are related to services provided to states in the areas of wetlands mapping, salmon tagging, bald eagle surveys, hunting studies and satellite tracking of migratory birds.

The Migratory Bird Conservation Program acquires waterfowl habitat as part of the National Wildlife Refuge System. The program also sells the Federal Migratory Hunting and Conservation Stamp (Duck Stamp). Fees received from sale of Duck Stamps are used directly for acquisition of land for the Service. In addition, the program issues permits to non-Federal entities to obtain right-of-way easements or reservations within the refuge system.

The National Wildlife Refuge Fund receives receipts from the private entities for grazing and permits for trapping, sale of hay, forest products and salmonid carcasses and eggs, etc. The receipts are used for payments to counties in which Service land are located.

The Sport Fish Restoration and Federal Aid in Wildlife Restoration programs assist the States, Puerto Rico, Guam, and the Virgin Islands, the Northern Mariana Islands, American Samoa, and the District of Columbia in carrying out projects to restore, enhance and manage sport fishery and wildlife resources. The programs also conduct State hunting education programs. Off-setting collections for Sport Fish Restoration are derived from excise taxes on certain items of sport fish equipment, a portion of gasoline taxes paid by users of motorboats, and import duties on fishing equipment and pleasure boats. Off-setting collections for Federal Aid in Wildlife Restoration are derived from an 11 percent excise tax on firearms, ammunition and archery equipment, and a 10 percent tax on pistols and revolvers.

Finally, the contributed Fund Collections are unsolicited contributions from other governments and/or private organizations and individuals for Service activities. Donated funds are obligated according to the contributor's request.

NATIONAL PARK SERVICE

Reimbursable income under the Operation of the National Park Service account is derived primarily from sale of equipment that is surplus or scheduled for replacement, the sale of products from living history or living farm demonstration, professional monitoring and analysis, and documentationf historic buildings and other structures by temporary staff of the Historic American Buildings Survey and Historic American Engineering Record.

The major sources of reimbursable income in the Construction Program include payments for water, sewage, electric and other utilities provided to park concessionaires, leasing of historic properties, special service agreements with park concessionaires and other Federal agencies, and professional service, primarily provided by the Denver Service Center to other Federal agencies.

Reimbursable income in the Land Acquisition account is authorized by P.L. 98-11 sec. 207 from proceeds derived from the sale of those portions of whole tracts acquired for the Appalachian Trail that lie outside the area of trail acquisition.

BUREAU OF INDIAN AFFAIRS

In the Operation of Indian Programs account, P.L. 99-228 directed the Bureau of Indian Affairs to collect tuition payments for non-Indian children who attend Bureau schools. (Tuition payments may not be collected for children of employees of the Bureau of Indian Affairs, Indian Health Service and Tribal Governments.) Additionally, employees and others who eat meals provided at Bureau of Indian Affairs' schools must reimburse the cost of the meal to the government.

In the Road Construction account, other than awarding road construction contracts to private contractors, the Bureau operates a road construction equipment pool to undertake projects in isolated or high-cost areas, where a "force account" operation is more economical than private contracting. The equipment pool is financed by a revolving fund which collects equipment rentals charged to projects funded from the Highway Trust Fund and from other Bureau programs. Federal cost principals currently and indirect operating costs and include an allowance for depreciation. Charging rentals at rates based on these cost principals generates sufficient revenues to permit repair and replacement of existing equipment.

In the Miscellaneous Appropriations account, funds are obtained for the operation and maintenance of Indian irrigation systems from the collection of assessments against water users on various projects; these funds are deposited in the Treasury to the credit of the respective projects. Funds are used for such purposes as annual cleaning of canals and laterals to remove silt, moss, and weed growth; repair and replacement of water control structures; operation and maintenance of reservoirs, dams and pumping plants, including the purchase of electrical energy; payment to other irrigation systems on Indian lands included and benefited; and repair of flood damage.

Similarly, funds are collected for the power systems of Indian irrigation projects from power revenues, and deposited in the Treasury to the credit of respective projects. Funds are used for the operation and maintenance of two hydrogenerating plants; a diesel power generating plant; transmission lines; distribution systems and pumping plants for the use of each project irrigation system; the purchase of power for re-sale and for all necessary expenses for operation of power systems and on an actual cost basis. A project power system's primary purpose is to furnish energy to mining and milling properties, public villages, and in outlying farming areas. As with irrigation collections, power collections and reserves are invested in interest-bearing securities until required for power system operations as authorized by the FY 1984 Appropriations Act (P.L. 98-146, dated November 4, 1983).

BUREAU OF RECLAMATION

The Construction Program develops water, power, and related facilities for irrigation, municipal and industrial use, salinity control, dam safety, flood control, and electrical energy in the 17 Western States. The off-setting collections received are for technical services and construction of facilities provided to Federal and non-Federal entities and from the sale of power and water under the Upper Colorado River Basin and Lower Colorado River Basin Development funds.

The General Investigations appropriations finances studies of potential projects for the conservation and utilization of water and related land resources and includes planning and general engineering and research activities in the 17 Western States. Off-setting collections received under this appropriation are for studies conducted by Reclamation for non-Federal entities.

The Operation and Maintenance appropriation provides for the operation and maintenance of projects for power, municipal and industrial water supplies, irrigation, flood control and other benefits. The provision is also made for administration of water marketing contracts on Corps of Engineers projects, examination of existing structures, and administration of the provisions of the Reclamation Reform Act of 1982 (96 Stat. 1261). Off-setting collections received under this appropriation are from water users for services provided to the irrigation district or water user.

Question 7c an analysis of whether the sequester of such budgetary resources may inhibit the provision of such services provided for others.

Answer: The sequestration of offsetting fees, collections, etc. does in fact inhibit the provision of such services provided for others, as does the sequestration of all other funds contained in the budget. Consequently, services would be decreased commensurate with funding levels reduced by sequestration.

Question: Certain Federal statutes specifically specify the Federal and State apportionment of certain collection, revenues, etc. Implementation of a sequester under the Gramm-Rudman-Hollings could alter the apportionments of such funds. Would you provide for the record --

a. a list of such collections and distributions, indicating their statutory authority;

Answer: A list of permanent distributions to States and Counties follows.

BUREAU OF LAND MANAGEMENT

-- Payments to Coos and Douglas Counties, Oregon, for Coos Bay Wagon Road Grant Lands

In accordance with 54 Stat. 753-754, payments in lieu of taxes are made to Coos and Douglas counties out of receipts from the Coos Bay Wagon Road grant lands in Oregon. These payments are used for schools, roads, highways, bridges, and port districts and are paid at the same ad valorem tax rate as private lands.

-- Payments to Counties, Oregon and California (O&C) Grant Lands

In accordance with 39 Stat. 218 and 50 Stat. 876, as modified by annual appropriations acts, 50 percent of the receipts to the Oregon and California grant land funds are paid to the counties in which the lands are situated, to be used as other county funds.

-- Payments to States (proceeds of sales)

In accordance with the Interior Department Appropriations Act of 1952 (P.L. 82-136), the States are paid 5 percent of the net proceeds (4 percent gross proceeds) from the sale of public lands products. These payments are to be used for educational purposes or for construction of public roads and improvements.

-- Payments to States from grazing receipts, etc., public lands outside grazing districts

In accordance with the Taylor Grazing Act of 1934 (43 U.S.C. 315i and 315m), the States are paid 50 percent of the grazing fee receipts from public lands outside of organized grazing districts.

-- Payments to States from grazing receipts, etc., public lands within grazing districts

In accordance with the Taylor Grazing Act of 1934, (43 U.S.C. 315b and 315i), the States are paid 12 1/2 percent of grazing fee receipts from lands within organized grazing district boundaries

-- Payments to States from Grazing receipts, etc., public lands within grazing districts, miscellaneous.

In accordance with 43 U.S.C. 315, the States are paid specifically determined amounts from grazing fee receipts from miscellaneous lands within grazing districts when payment is not feasible on a percentage basis.

-- Payments to Alaska, National Petroleum Reserve

In accordance with 94 Stat. 2964, Alaska is paid 50 percent of the receipts from sales, bonuses, royalties, and rentals resulting from the leasing of oil and gas in the National Petroleum Reserve in Alaska for use in planning, construction, maintenance, and operation of essential public facilities and other necessary provisions of public service.

-- Payments to counties, National Grasslands

In accordance with 7 U.S.C. 1012, 25 percent of the revenues received from the use of National Grasslands, including mineral leasing, is paid to the counties in which such lands are located. These funds are used for schools and roads.

-- Payments to Oklahoma (royalties)

In accordance with 65 Stat. 252, the State of Oklahoma is paid 37 1/2 percent of the Red River oil and gas royalties in lieu of State and local taxes on Kiowa, Comanche, and Apache Tribal lands. These funds are to be used for construction and maintenance of public roads and support of public schools.

-- Payment to Nevada from receipts on land sales

Public law 96-586 (Burton-Santini Act) of 1980 authorized and directed the sale of up to 700 acres of certain lands in Clark County, Nevada and the acquisition of environmentally sensitive lands in the Lake Tahoe Basin. The Act directed that 5 percent of the annual proceeds realized from the sale of such lands be returned to the State of Nevada and that 10 percent of the proceeds be returned to the county or municipality in which the land sale occurred The funds returned to the State are to be used for the State's general education program. and the monies returned to the county or municipality are to be used for acquisition and development of recreational lands and facilities. The estimated decrease

in payments results from a projected decline in receipts related to the projected level of land sale effort and estimated revenue from the sale of lands.

-- Payment from proceeds, sale of water

Section 40 (d) of the Mineral Leasing Act of 1920 (30 U.S.C. 299(a)) provides that when lessees or operators drilling for oil or gas on public lands strike water, water wells may be developed by the Department from the proceeds from sale of water from existing wells. Funds derived from such proceeds have been consistently recommended for deferral each year by the Administration.

-- Road Maintenance Deposits

Public Law 94-579 (FLPMA) provides for the permanent appropriation of money collected from commercial road users in lieu of user maintenance. Receipts are appropriated to BLM for road maintenance. Applicable roads are normally subject to heavy, continuous use by several users. Mainline timber access roads in western Oregon fall into this category. Monies collected on Oregon and California grant lands are available for those lands only (43 U.S.C. 1701, et seq.), excluding $150,000, which is earmarked for administrative expenses.

These road maintenance deposit funds are used in combination with funds appropriated in the "O&C Grant Lands" appropriation for transportation maintenance to accomplish the total level of workload on the BLM western Oregon road system. (See "O&C Grant Lands" justification for a full program description.)

MINERALS MANAGEMENT SERVICE

-- Payments to States from Receipts under Mineral Leasing Act

In accordance with 30 U.S.C. 181 et seq. (the Mineral Lands Leasing Act of 1920, as amended), all States (except Alaska) are paid 50 percent of the receipts from bonuses, royalties, and rentals resulting from the leasing of mineral resources under the Act, on public lands. Alaska is paid 90 percent of the receipts from leasing outside of the National Petroleum Reserve-Alaska (NPRA). This appropriation provides for monthly payments to all States for their share of revenues realized as a result of mineral leasing activities on Federal lands within their boundaries.

FISH AND WILDLIFE SERVICE

-- Sport Fish Restoration

Federal Aid in Fish Restoration Act of 1950, (16 U.S.C. 777-777k) commonly called the Dingell-Johnson or D-J Act (Payments to States). The purpose of this Act is to assist the States, Puerto Rico, Guam, the Virgin Islands, Northern Mariana Islands, American Samoa and the District of Columbia

in carrying out projects to restore, enhance, and manage sport fishery resources. The program is funded from excise taxes on fishing equipment, a portion of the gasoline taxes paid by motorboat users, and import duties on fishing equipment and pleasure boats. After making deductions for administrative expenses, the remainder is apportioned to the States in accordance with a formula contained in the Act which distributes 40 percent of the funds based on the area of each State and 60 percent on the number of paid fishing license holders in each State. Puerto Rico receives one percent of the total funds apportioned and Guam, the Virgin Islands, the Northern Mariana Islands, American Samoa, and the District of Columbia each receive one-third of one percent.

-- Federal Aid in Wildlife Restoration Act

Commonly called the Pittman-Robertson or P-R Act, (16 U.S.C. 669-669i). The purpose of this Act is to assist the States, Puerto Rico, Guam, the Virgin Islands, Northern Mariana Islands, American Samoa and the District of Columbia in carrying out projects to restore, enhance, and manage wildlife resources, and to conduct State hunter education programs. Funds to support the program are derived from the 11 percent excise tax on firearms, ammunition and archery equipment, and the 10 percent tax on pistols and revolvers. After making deductions for administrative expenses, the remainder is apportioned to the States in accordance with a formula contained in the Act which distributes 50 percent of the funds based on the area each State and 50 percent on the number of paid hunting license holders in each State. Puerto Rico receives one-half of one percent and Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands each receive one-sixth of one percent of the total funds apportioned. Additional funds are apportioned to the States for hunter education based on population.

-- National Wildlife Refuge Fund

In accordance with 16 U.S.C. 715s, the Service remits payments to counties in which Service lands are located (revenue sharing or payments inlieu of taxes). Funding for these payments is derived from revenues received from the sale of products from Service lands less expenses for producing the revenue-creating commodities and less expenses for activities related to the revenue sharing function.

8b. a table indicating by State the fiscal year 1987 and 1988 distributions that would occur;

Answer: Tables which indicate the estimated distributions by State in FY 1987 and 1988 follow; however, the FY 1987 National Wildlife Refuge Fund apportionment to counties is not available at this time because accurate estimates by State cannot be developed until actual payments are made to counties.

Response to 8b. (continued)

BUREAU OF LAND MANAGEMENT
ESTIMATED PAYMENTS OF RECEIPTS TO STATES
Fiscal Year 1987

(Dollar amounts in thousands)

State	Mineral Leases and Permits 1/	Forage Receipts Taylor Grazing Districts		Sale of Public Lands and Materials	Other	Total
		Outside	Inside			
Alabama	--	--	--	--	--	--
Alaska	2000	--	--	12	--	2,012
Arizona	--	105	94	92	--	291
Arkansas	--	--	--	--	--	--
California	--	119	19	114	--	252
Colorado	--	34	80	37	--	151
Idaho	--	23	184	22	--	229
Illinois	--	--	--	--	--	--
Kansas	--	--	--	--	--	--
Minnesota	--	--	--	--	--	--
Montana	--	130	112	13	399	654
Nevada	--	17	315	830	--	1,162
New Mexico	--	148	207	31	10	396
North Dakota	--	7	--	--	--	7
Oklahoma	5	--	--	2	--	7
Oregon	--	34	152	342	74,201	74,729
South Dakota	--	53	--	--	1	54
Utah	--	--	162	21	1	184
Washington	--	20	--	9	--	29
Wisconsin	--	--	--	1	--	1
Wyoming	--	299	185	31	--	515
TOTAL	2005	989	1,510	1,357	74,612	80,673

1/ The Bureau continues to make payments on receipts from the National Petoleum Reserve - Alaska and other minor categories of mineral receipts, even though Minerals Management Service has primary responsibility for mineral receipts collections. Payments form the minor category of mineral receipts are highly variable, thus accurate estimates cannot be developed until receipts are actually collected. Estimates are based on prorations of 1986 collections and distributions.

Response to 8b. (continued)

BUREAU OF LAND MANAGEMENT
ESTIMATED PAYMENTS OF RECEIPTS TO STATES
Fiscal Year 1988

(Dollar amounts in thousands)

State	Mineral Leases and Permits 1/	Forage Receipts Taylor Grazing Districts		Sale of Public Lands and Materials	Other	Total
		Outside	Inside			
Alabama	--	--	--	--	--	--
Alaska	2000	--	--	13	--	2,013
Arizona	--	109	97	103	--	309
Arkansas	--	--	--	--	--	--
California	--	123	20	128	--	271
Colorado	--	35	82	41	--	158
Idaho	--	26	189	25	--	238
Illinois	--	--	--	--	--	--
Kansas	--	--	--	--	--	--
Minnesota	--	--	--	--	--	--
Montana	--	135	115	15	485	750
Nevada	--	18	324	840	--	1,182
New Mexico	--	153	213	35	13	414
North Dakota	--	7	--	--	--	7
Oklahoma	6	--	--	2	--	8
Oregon	--	35	157	383	69,080	69,655
South Dakota	--	55	--	--	1	56
Utah	--	--	167	24	1	192
Washington	--	21	--	10	--	31
Wisconsin	--	--	--	1	--	1
Wyoming	--	309	191	34	--	534
TOTAL	2,006	1,024	1,555	1,654	69,580	75,819

1/ The Bureau continues to make payments on receipts from the National Petoleum Reserve - Alaska and other minor categories of mineral receipts, even though Minerals Management Service has primary responsibility for mineral receipts collections. Payments form the minor category of mineral receipts are highly variable, thus accurate estimates cannot be developed until receipts are actually collected. Estimates are based on prorations of 1986 collections and distributions.

Response to 8b. (continued)

MINERALS MANAGEMENT SERVICE

MINERAL REVENUE PAYMENTS TO THE STATES

(Dollar amounts in thousands)

	FY 1986 Actual Payments	FY 1987 Estimated Payments	FY 1988 Est. Gross Payments	Proposed Legislation	FY 1988 Est. Net Payments
ALABAMA	251	244	264	33	231
ALASKA	16,546	16,087	17,420	2,154	15,266
ARIZONA	723	703	761	94	667
ARKANSAS	624	607	657	81	576
CALIFORNIA	33,064	32,146	34,810	4,304	30,506
COLORADO	41,814	40,653	44,022	5,443	38,579
FLORIDA	91	88	95	12	83
IDAHO	2,104	2,046	2,216	274	1,942
KANSAS	873	849	919	114	805
LOUISIANA	554	539	584	72	512
MICHIGAN	40	39	42	5	37
MISSISSIPPI	513	499	540	67	473
MONTANA	17,995	17,496	18,946	2,342	16,604
NEBRASKA	268	261	283	35	248
NEVADA	7,016	6,821	7,386	913	6,473
NEW MEXICO	107,236	104,259	112,898	13,958	98,940
NORTH DAKOTA	7,437	7,231	7,830	968	6,862
OKLAHOMA	2,572	2,501	2,708	335	2,373
OREGON	1,213	1,179	1,277	158	1,119
SOUTH DAKOTA	984	957	1,036	128	908
UTAH	27,530	26,766	28,984	3,583	25,401
WASHINGTON	326	317	343	42	301
WYOMING	152,773	148,530	160,838	19,886	140,952
MINNESOTA	3	3	3	0	3
TEXAS	9	9	10	1	9
SUBTOTAL	422,559	410,830	444,872	55,002	389,870
INTEREST ON LATE PAYMENTS			300		300
ADDITIONAL PAYMENTS _1/		23,895			
TOTAL	422,559	434,725	445,172	55,002	390,170

_1/ AMOUNT WITHHELD FOR OBLIGATION IN FY 1986 PURSUANT TO GRAMM-RUDMAN-HOLLINGS DEFICIT REDUCTION ACT AND PAID IN OCTOBER 1986.

Response to 8b. (continued)

FISH AND WILDLIFE SERVICE

SPORT FISH RESTORATION

State/Territory	FY 86 Actual Obligations	(Amounts in 000's) Estimated Obligations FY 87 Carryover	FY 87 New BA	FY 88	State Estimated % of Total Based on Program Formula
Alabama	$ 1,481	$ 425	$ 1,848	$ 2,367	1.714 %
Alaska	5,397	101	5,628	7,005	5.000
Arizona	2,141	196	2,734	3,051	2.126
Arkansas	1,157	712	1,551	2,356	1.700
California	5,190	302	6,427	7,005	5.000
Colorado	2,295	395	2,931	3,463	2,447
Connecticut	750	353	993	1,401	1.000
Delaware	1,100	9	1,337	1,401	1.000
District of Columbia	330	37	412	407	.333
Florida	2,412	26	2,977	3,127	2.200
Georgia	2,105	123	2,590	2,825	2.026
Hawaii	889	210	1,136	1,401	1.000
Idaho	1,857	1	2,341	2,438	1.694
Illinois	1,130	1,394	1,656	3,176	2.206
Indiana	1,577	374	1,770	2,233	1.734
Iowa	1,230	413	1,560	2,054	1.494
Kansas	1,631	0	1,966	2,047	1.470
Kentucky	1,730	57	2,049	2,235	1.638
Louisiana	1,430	368	1,944	2,303	1.638
Maine	971	129	1,217	1,401	1.000
Maryland	493	613	733	1,401	1.000
Massachusetts	589	479	867	1,401	1.000
Michigan	3,103	1,042	3,889	5,133	3.701
Minnesota	4,244	76	4,873	5,152	3,774
Mississippi	1,452	126	1,763	1,966	1.438
Missouri	2,884	0	3,432	3,574	2.623
Montana	2,526	14	3,010	3,148	2.257
Nebraska	1,009	453	1,267	1,790	1.306
Nevada	1,083	631	1,479	2,196	1.559
New Hampshire	677	408	938	1,401	1.000
New Jersey	839	139	1,207	1,401	1.000
New Mexico	1,721	177	2,253	2,530	1.809
New York	2,375	465	2,861	3,463	2.428
North Carolina	591	940	1,006	2,027	1.393
North Dakota	1,233	0	1,472	1,533	1.116
Ohio	729	1,996	1,593	3,742	2.674
Oklahoma	2,039	170	2,431	2,709	1.968
Oregon	2,429	239	2,911	3,280	2.321
Pennsylvania	2,414	31	3,206	3,370	2.496
Rhode Island	656	375	971	1,401	1.000
South Carolina	1,031	210	1,326	1,599	1.121
South Dakota	951	385	1,211	1,661	1.191
Tennessee	1,487	494	2,008	2,605	1.802
Texas	2,746	2,940	3,789	7,005	5.000
Utah	1,666	196	2,056	2,334	1.681
Vermont	489	590	756	1,401	1.000
Virginia	891	726	1,304	2,113	1.471
Washington	2,301	238	2,849	3,214	2.315
West Virginia	1,082	18	1,328	1,401	1.000
Wisconsin	3,289	640	4,128	4,964	3.500
Wyoming	1,666	0	2,080	2,165	1.515
American Samoa	233	141	309	467	1.000
Guam	366	1	445	467	.333
North Mariana Islands	117	279	170	467	.333
Puerto Rico	537	562	784	1,401	.333
Trust Territory(a)	0	0	0	0	0
Virgin Islands	330	37	0	467	.333
Indian Tribe Set Aside	0	0	0	0	0
					0
Total	$89,070	$21,361	$ 113,115	$ 140,105	100%

Response to 8b. (continued)

FISH AND WILDLIFE SERVICE

WILDLIFE RESTORATION

State/Territory	FY 86 Actual Obligations	(Amounts in 000's) Estimated Obligations FY 87 Carryover	FY 87 New BA	FY 88	State Estimated % of Total Based on Program Formula
Alabama	$ 2,382	$278	$ 1,836	$ 1,873	1.789
Alaska	4,412	0	4,408	4,499	4.297
Arizona	2,669	958	2,304	2,352	2.246
Arkansas	1,819	0	1,709	1,744	1.666
California	4,581	82	3,916	3,999	3.818
Colorado	2,665	8	2,478	2,529	2.416
Connecticut	592	194	772	788	.752
Delaware	725	0	603	616	.588
District of Columbia	0	0	0	0	0
Florida	2,112	0	1,953	1,993	1.904
Georgia	2,338	0	2,246	2,293	2.190
Hawaii	424	613	603	616	.588
Idaho	1,582	678	1,899	1,939	1.852
Illinois	1,750	457	2,118	2,161	2.064
Indiana	1,558	575	1,820	1,858	1.774
Iowa	1,514	311	1,740	1,776	1.696
Kansas	2,353	0	1,976	2,018	1.927
Kentucky	1,767	0	1,712	1,748	1.669
Louisiana	2,565	0	2,082	2,124	2.029
Maine	1,140	97	1,166	1,190	1.137
Maryland	1,191	0	1,038	1,059	1.012
Massachusetts	1,214	4	964	984	.940
Michigan	4,001	697	3,583	3,658	3.493
Minnesota	2,870	17	2,729	2,786	2.661
Mississippi	1,785	0	1,646	1,680	1.605
Missouri	2,126	659	2,669	2,724	2.602
Montana	3,469	36	2,752	2,809	2.683
Nebraska	1,665	446	1,641	1,674	1.599
Nevada	2,348	270	1,792	1,829	1.747
New Hampshire	618	126	603	616	.588
New Jersey	1,178	31	982	1,002	.957
New Mexico	2,449	159	2,139	2,183	2.085
New York	4,418	135	3,199	3,265	3.119
North Carolina	2,293	0	2,068	2,111	2.016
North Dakota	1,600	1	1,358	1,386	1.323
Ohio	2,607	448	2,244	2,291	2.188
Oklahoma	2,863	1	2,208	2,253	2.152
Oregon	3,279	382	2,473	2,524	2.411
Pennsylvania	4,589	0	4,300	4,389	4.192
Rhode Island	743	49	603	616	.588
South Carolina	1,580	0	1,262	1,288	1.230
South Dakota	1,567	302	1,639	1,673	1.598
Tennessee	2,743	0	2,446	2,498	2.385
Texas	5,821	152	4,768	4,866	4.648
Utah	1,924	74	1,898	1,928	1.841
Vermont	580	79	642	654	.625
Virginia	2,257	38	2,219	2,265	2.163
Washington	2,239	82	2,133	2,178	2.080
West Virginia	1,541	8	1,318	1,345	1.285
Wisconsin	3,115	111	3,040	3,103	2.964
Wyoming	2,193	78	1,906	1,945	1.858
American Samoa	0	154	423	431	.412
Guam	161	0	140	143	.137
North Mariana Islands	253	10	140	143	.137
Puerto Rico	467	0	140	143	.137
Trust Territory (a)	0	0	0	0	0
Virgin Islands	154	0	140	143	.137
Indian Tribe Set Aside	0	0	0	0	0
Total	113,925	8,799	102,576	104,700	100%

8c. a statement of Departmental policy regarding the disposition of any sequestered funds, in the event of a sequester (for example, would such funds be deposited in the General Fund or placed in escrow for eventual distribution and, if so, when would such distribution occur)?

Answer: Section 256 (a) (2) of the G-R-H provides that budgetary resources sequestered in special and trust funds are not cancelled, but remain in the fund and are available in accordance with and to the extent permitted by law. The guidance provided to all Executive Departments and Agencies by the Office of Management and Budget indicates that the way the sequester is applied depends on whether the receipts of a fund are available pursuant to a permanent indefinite appropriation or available only to the extent provided in annual appropriations acts. This also affects the way the budget base is estimated.

Permanent Indefinite: If the receipts are immediately available pursuant to a permanent indefinite appropriation, the total obligation level is to be estimated, based on the expected program level under current law. Total obligations include any amount sequestered in the previous fiscal year. This obligation estimate, not the estimated level of receipts, becomes the controlling budget base.

Under sequestration, the uniform percentage would be applied to the estimated obligation level, and the resulting reduced level of obligations would constitute a de facto obligation ceiling. The budget authority would not be reduced by the sequestration percentage. Amounts of budget authority that cannot be obligated because of a de facto limitation become an unobligated balance at the end of the year, carried forward to the next year. Such unobligated balances, as well as new budget authority would be available for obligation in the next year, subject to any de facto limitation that would apply under a sequester for that year.

All of the Department funds discussed in response to Question 8a & 8b are permanent indefinite funds. Therefore, under sequestration, the sequestered amount would not be available until the beginning of the next fiscal year, and, in turn, would be subject along with all other funds to any sequestration that would apply at that time.

Annual Appropriation: If the receipts are subject to annual appropriations, the budget base is the amount of the budget authority included in the appropriations acts. If a sequester is necessary, the effect of the sequester would be to reduce the amount appropriated and increase the balance of receipts available for appropriation at the beginning of the next year.

9. Question: Included among the accounts sequestered under Gramm-Rudman-Hollings last year were mineral and timber receipts to the States and counties. These funds were held until the end of fiscal year 1986 and then distributed. What will be the policy of the Department of the Interior with regard to such receipts if another sequestration order is issued in the future?

Answer: Based on a Comptroller General (CG) Decision (B-221498.18) of May 5, 1986, amounts due States and counties from mineral and timber receipts are subject to sequestration under the Gramm-Rudman-Hollings Act. Additionally, under sequestration, the uniform percentage would be applied to the estimated obligation level based on expected receipts under current law, and the resulting reduced level of obligations would constitute a de facto obligation ceiling. The budget authority would not be reduced by the sequestration percentage. Amounts of budget authority that cannot be obligated because of a de facto limitation become an unobligated balance at the end of the year, carried forward to the next year. Such unobligated balances, as well as new budget authority would be available for obligation, subject to any de facto limitation that would apply under a sequester for that next year. Given the CG decision, these receipts would be subject to sequestration in the current and future years.

Other Questions

Bureau of Mines

10. Question: The Fiscal Year 1988 budget proposes to sell to private industry all Federal helium facilities and assets except the helium inventory, which will be retained for Federal agency use.

a. What is the Federal investment in the reserve and facilities?

b. On what basis are these facilities now being operated; for example, is this a government-owned, contractor-operated facility?

c. Your statement indicates that part of this investment will be forgiven. How much money is involved?

Answer: a. The Federal investment in the reserve and facilities is approximately $852 million. This includes the principal ($271 million) and accrued interest ($581 million) comprising the Helium Program debt.

b. These facilities are now being operated as government-owned, government-operated facilities.

c. When the Helium Act Amendments of 1960 (P.L. 86-777) was passed by the Congress, a value of $40 million was placed on the program assets (land, buildings, equipment, etc.) Essentially, this was a $40 million borrowing from the Treasury and became the "net worth" debt.

Sales of pure helium by the Secretary were to be at prices adequate to cover all costs incurred. The price of pure helium was raised from $15 per thousand cubic feet (Mcf) for Federal agencies and $19/Mcf for commercial buyers to $35/Mcf for all. The difference between sales price and the operating costs was expected to finance the conservation program.

Prior to enactment of P.L. 86-777, the Congress recognized that the Helium Fund might not have enough revenues in the early part of the program to meet contract terms, and provided for a borrowing authority, not to exceed $47.5 million annually. Starting in FY 1964, funds were borrowed from the Treasury to augment the Helium Fund. From FY 1963 through FY 1973, the conservation contractors were paid $356 million for helium delivered to storage. From FY 1964 through FY 1969, $112 million was borrowed from the Treasury at interest rates averaging about 4 percent. From FY 1970 through FY 1973, another

$140 million was borrowed at interest rates as high as 13.5 percent.

Repayment of the funds borrowed, together with interest, was to occur within twenty-five years from the date of enactment, except that the Secretary could extend the repayment date for the money borrowed to purchase the helium and the accrued interest for not more than 10 years. September 1986 was established as the repayment date.

To date, $21 million derived from program revenues which exceeded program costs has been transferred to the Treasury and applied against the original $40 million "net worth" debt. Legislation will be proposed in FY 1988 to forgive the remaining outstanding debt, approximately $900 million.

11.Question: On May 13, 1976, the Senate passed a resolution directing the Secretary of the Interior to make prompt arrangements to conserve helium that was then being extracted and vented to the atmosphere. Concern was that helium is a unique, valuable, and wasting natural resource which is essential to the vital interests of this country. Large quantities of helium will eventually be required for energy-related applications such as fusion reactors, superconducting magnetic energy storage, superconducting power transmission, advanced energy conversion systems (such as MHD), as well as certain military applications (such as laser-based missile defense systems). What analysis has been performed by the Department of—

a. helium as a critical or strategic chemical element?

b. the potential domestic demand for helium particularly for defense and by energy technologies under development?

c. the potential for an eventual United States dependence on foreign sources of helium?

d. Has the Department consulted with the Department of Energy regarding the proposed sale?

e. Has the Department consulted with the Department of Defense regarding the proposed sale?

Answer: a. The Department's Bureau of Mines, through its daily contacts and various specific studies, continually monitors helium uses, and issues several publications annually and periodically which address helium.

Helium sales to Federal agencies have exceeded the volume estimated for fiscal years 1984 and 1985

because of NASA and DOD requirements. NASA helium sales have been three times its FY 1984 estimate. This is largely due to the increased shuttle activity which requires about 7 million cubic feet of helium for each launch. Although NASA's use rate has declined in 1986 and is expected to remain low in 1987 because of the Challenger disaster, its current usage continues to be above that projected in 1984 because of continued shuttle related testing and other space endeavors. DOD has exceeded its FY 1984 estimate by about 30% each year. Helium is used in several Strategic Defense Initiative (SDI) applications such as the antisatellite rocket, chemical laser, and rail gun. Metastable helium is also being investigated by DOD as a possible fuel, power source, or explosive. Helium is also critical in the production, testing, and development of equipment and supplies used by DOD.

In the area of cryogenics (scientific and engineering work at low temperatures, generally below -240 degrees F) helium is most critical as it has the lowest liquefaction point, -452 degrees F, of all the elements.

Liquid helium is used to achieve and maintain the temperature at which some materials become superconductors. Magnets made of superconducting materials produce intense magnetic fields at about one-tenth the operating costs required for conventional magnets. Superconducting magnets are in use in laboratories throughout the world and are being used to provide the strong magnetic fields needed for nuclear magnetic resonance imaging in human medical diagnosis.

Other cryogenic uses of helium include production of the near-absolute-zero temperatures of outer space in space simulation chambers for the development of hardware, components and full-sized spacecraft; freezing biological specimens in cancer research; cooling targets in nuclear radiation research; cooling sensitive communications receivers; and as a fluid in bubble chambers for tracking the paths of nuclear particles. Liquid helium and the cold boiloff gas therefrom are used to cool airborne infrared radiation detection devices. Generally, any laboratory research and development work requiring temperatures below -340 degrees F will use liquid helium because it is safe and relatively inexpensive.

b. The Department's analysis of helium demand is exemplified by the table entitled "Helium Demand Projections" shown below:

Helium Demand Projections
(Million cubic feet)

	Federal Agencies Helium Demand Estimates As of July 1984 1/							Private Demand (5% Annual Growth)	Total
FY	NASA	DOD	DOE	NSF	NBS	NOAA	Total		
1984	21	119	78	34	1	2	255	1217	1472
1985	39	127	79	32	1	2	280	1451	1731
1986	48	127	84	30	1	1	291	1523	1814
1987	66	133	88	31	1	1	320	1599	1919
1988	72	133	92	32	1	1	331	1679	2010
1989	72	133	95	35	1	1	336	1762	2098
1990	72	133	95	36	1	1	337	1851	2188
1991	72	133	137	41	1	1	385	1943	2328
1992	72	133	137	41	1	1	385	2040	2425
1993	72	133	137	41	1	1	385	2142	2527
1994	72	133	137	41	1	1	385	2249	2634
1995	72	133	137	41	1	1	385	2362	2747
1996	72	133	259	53	1	1	519	2480	2999
1997	72	133	259	53	1	1	519	2604	3123
1998	72	133	259	53	1	1	519	2734	3253
1999	72	133	259	53	1	1	519	2871	3390
2000	72	133	259	53	1	1	519	3015	3534 2/

1/ Obtained from 1984-2005 helium requirement projections provided by individual agencies in 1984.

2/ Note - Statistical projections derived from regression analyses based on 20-year historical time series data and from forecasts of economic indicators project total demand in the year 2000 at a low of 1500 million cubic feet, a high of 2800 million cubic feet, and a probable of 2200 million cubic feet. (1985 Edition, Mineral Facts and Problems)

c. At the present time, the United States is the major supplier of world helium needs. There is a small plant operating in Poland, and it is known that the U.S.S.R. produces helium for its own needs.

The Bureau estimates the measured and indicated helium resources in "helium-rich" (0.3 percent and above) natural gas in the United States as of January 1, 1986, to be approximately 228 billion cubic feet (Bcf) of helium. Of this volume, about 54 Bcf is contained in gas that is not being produced. Such helium resources are classified as "non-depleting." The 228 Bcf in the helium-rich gas, along with 37 Bcf of Government and private helium in storage, provides the United States with approximately 265 Bcf of helium resources.

Of the 265 Bcf of measured and indicated helium resources in the United States, the Federal Government owns approximately 152 Bcf, or 57 percent. This is made up of 35 Bcf in storage, 4 Bcf in Cliffside field native natural gas, 29 Bcf in non-depleting, and 84 Bcf in depleting natural gas resources on Federal lands.

Using the 1984 demand estimate, it is predicted that accumulated demand in the United States will be approximately 42 Bcf through the year 2000. The measured and indicated resources should meet this demand and those beyond the year 2000.

d. The Department has not yet consulted with the Department of Energy regarding the proposed sale, but fully intends to do so.

e. The Department has not yet consulted with the Department of Defense regarding the proposed sale, but fully intends to do so.

Territorial and International Affairs

12. Question: Several times over the past few years, both in the Energy and Natural Resources Committee and in the Appropriations Committee, information has been requested on the carryover of deficits from the Trust Territory. The Administration has repeatedly assured the Committees that funding would be requested. As you know, the carryover deficits represent operations expenses in excess of available budget authority which were currently covered by borrowing from unexpended, but obligated, construction funds. The "carryover deficit" represents a shortfall in the construction account. It is anticipated that you are about out of time to continue this charade and pretty soon you are going to either default on a contract or attempt a deferral or rescission or reprogramming when bills come due. What is the current unexpended balance in the construction budget and when do you expect those bills to come due?

Answer: The current unexpended balance in the construction program is approximately $47 million. The Trust Territory Government still estimates that it will have a cash shortfall of approximately $13.5 million in paying for this unexpended balance. Grants have been offered and accepted for all projects, so that all of these funds are fully obligated. We currently estimate that by October 1, 1987, only $16 million of construction projects will not be under contract. We believe the cash will run out in the third or fourth quarter of fiscal year 1988.

Question: How do you intend to meet those payments?

Answer: We are working with the Office of Management and Budget to resolve the problem.

QUESTIONS SUBMITTED BY SENATOR LOWELL WEICKER, JR.

National Park Service

Loss of Wildlife

13. Question: How does Interior's proposal, essentially curtailing further land acquisition, relate to recent reports of loss of important wildlife from national parks due to the lack of adequate park size to sustain the various species?

Answer: The loss of certain animal species in park areas can be attributed to a variety of causes, including an unfortunate early National Park Service practice of eliminating predators, such as wolves, that were considered to be "bad"--dangerous to visitors and to "good" animals. While knowledge of wildlife and ecological processes has increased, researchers are continuing to refine the understanding of the territorial requirements of wildlife species for breeding and seasonal feeding areas and for maintaining the minimum population sizes necessary for genetically healthy populations.

Additional land acquisition within park boundaries would only very marginally alleviate the problem of inadequate territory/habitat for wildlife species. We are working with adjacent landowners where species with large ranges are involved. Some of the species that have been cited, such as skunks and raccoons, are not affected predominantly by the size of parks, but rather by other factors such as normal cyclic variations or changes in park habitat.

Land Acquisition

14. Question: What acquisitions and activities will be affected by the proposed reductions and FY 1987 rescission request for land acquisition.

Answer: For FY 1988 $55.3 million is budgeted for land acquisition as follows:

Bureau of Land Management	
8-acre purchase in Oregon	10,000
Fish and Wildlife Service	
Acquisition Management (50 FTEs)	1,639,000
Migratory Bird Conservation Fund	37,581,000
National Park Service	
Acquisition Management (157 FTEs)	6,498,000
Emergencies, hardships, deficiency awards, and relocation	6,100,000
State grants admin.	3,433,000
Total	55,261,000

Most discretionary land acquisition, except wetlands and emergencies, is proposed to be postponed.

The effects of the proposed rescissions for FY 1987 are shown by bureau on the attached tables.

National Park Service
Land Acquisition and State Assistance
($000)

	President's Budget	Congressional Add-on	Enacted	NPS Retained/ Obligations	Proposed Rescission	Balance Available
Assistance to States:						
State Grants	--	32,700	32,700	--	32,700	--
Administratives Expenses	2,270	--	2,270	--	--	2,270
Subtotal, Assistance to States	2,270	32,700	34,970	--	32,700	2,270
National Park Service:						
Acquisition Management	5,000	--	5,000	--	--	5,000
Hardships, inholdings, emergencies	8,000	--	5,000	--	--	8,000
Acadia NP, ME	--	3,500	3,500	242	3,258	--
Apostle Islands NL, WI	--	300	300	--	300	--
Appalachian Trail	--	7,000	7,000	6,574	426	--
Big Cypress NP, FL	--	2,000	2,000	--	2,000	--
Big Thicket NP, TX	--	4,000	4,000	--	4,000	--
Cuyahoga Valley NRA, OH	--	4,500	4,500	--	4,500	--
Delaware Water Gap NRA, PA	--	2,000	2,000	--	2,000	--
Gates of the Arctic NP, AK (Walker Property)	--	175	175	175	--	
Golden Gate NRA, CA	--	2,000	2,000	--	2,000	--
Haleakala NP, HI	--	1,000	1,000	--	1,000	--
Indiana Dunes NL, IN	--	1,000	1,000	--	1,000	--
Lake Clark NPP, AK	--	1,675	1,675	175	1,500	--
Lowell NHP, MA	--	800	800	700	100	--
Mound City Group, OH	--	1,000	1,000	--	1,000	--
New River Gorge NR, WV	--	1,000	1,000	--	1,000	--
North Cascades NP, WA	--	500	500	--	500	--
Olympic NP, WA	--	2,000	2,000	1000	1,000	--
San Antonio Mission NHP, TX	--	500	500	--	500	--
Santa Monica Mtns. NRA, CA	--	6,000	6,000	534	5,466	--
Sequoia-Kings Canyon NP, CA	--	1,100	1,100	1100		--
Wind Cave NP, SD	--	200	200	--	200	--
Subtotal, NPS	13,000	42,250	52,250	10,500	31,750	13,000
Subtotal, Assistance to States and Land Acquisition	15,270	74,950	87,220	10,500	64,450	15,270
Contract Authority					30,000	
Prior year unobligated balances					3,188	
Total, NPS					97,638	

Justification of Program and Performance

	1987 Enacted to Date	Proposal Rescission	Revised Request
Land Acquisition	42,425	- 26,763	15,662

Authorization: 16 U.S.C. 460k-4-11, The Land and Water Conservation Fund Act of 1965 as amended and 16 U.S.C. 1530, Endangered Species Act of 1973.

Objective: The objective is to achieve savings in specific land acquisitions.

Description: This rescission is proposed to effect savings from Federal projects where land acquisition can be deferred without adverse impact on fish and wildlife resources. The distribution of savings by acquisition project follows:

($000)

	1987 Enacted to Date	Proposed Rescission	Revised Request
Alligator River, NC	650	650	0
Aransas, TX	3,000	0	3,000
Ash Meadows, NV	500	500	0
Bayou Sauvage, LA	3,000	3,000	0
Bogue Chitto, LA	1,000	826	174
Bon Secour, AL	500	400	100
Connecticut Coastal, CT	600	600	0
Eastern Shore, VA	375	375	0
Finnegan Cut, CA	1,100	1,100	0
Florida Panther, FL	3,000	3,000	0
Great Dismal Swamp, NC & VA	750	750	0
Hakalau Forest, HI	3,000	3,000	0
Kirtlands Warbler, MI	300	300	0
Lower Rio Grande, TX	6,000	3,000	3,000
Lower Suwannee NWR, FL	1,500	1,500	0
Minnesota Valley, MN	1,500	1,418	82
National Key Deer, Fl	2,000	789	1,211
Rachel Carson, ME	900	805	95
Red Rock Lakes, MI	2,000	1,000	1,000
Sacramento, CA	2,200	0	2,200
San Francisco Bay, CA	1,500	1,500	0
Tensas River, LA	1,000	1,000	0
Willapa, WA	3,300	0	3,300
Acquisition Management	1,750	250	1,500
Inholdings	1,000	1,000	0
Total	42,425	26,763	15,662

LAND ACQUISITION

(RESCISSION)

Justification: The Bureau of Land Management's "Land Acquisition" appropriation provides for the acquisition of lands or the interests in lands when necessary for public recreation use and other purposes related to management of the public lands. In recent years, the Bureau's land acquisition program has been constrained to funding existing authorized projects for which the Bureau has an ongoing investment commitment. Priority acquisitions are being accomplished through the use of carryover funds. The proposed rescission would continue this policy by reducing the level of funding to help achieve the deficit reduction goals of the Balanced Budget and Emergency Deficit Control Act of 1985.

The effect of the proposed rescission of $2,700,000 would be to delete funding appropriated in 1987 for the acquisition of land near the Red Rocks Recreation Area in Nevada.

National Park Service

Fee Increases

15. Question: Will revenues from the proposed park fee increases be used within the parks where the monies are generated or spent for work on all parks?

Answer: Under the Administration's proposal, revenues from entrance and other recreation fees will be used for all units of the National Park System, but those areas that generate fee revenues would receive a larger share than nonfee parks.

Bureau of Reclamation

16. Question: What specific Interior loans are proposed for sale to the private market?

Answer: All completed loans as of the end of FY 1987 made for construction of distribution systems under the Act of July 4, 1955 and under the Small Reclamtion Projects Act of August 6, 1956 will be offered for sale.

Question: What is the anticipated discount that the loans will sold at?

Answer: We estimate that loans totaling $358 million will be sold yielding estimated revenues of $154 million.

Question: Will these loans be sold with or without recourse?

Answer: These loans will be sold without recourse.

Question: What has been the default rate on the specific loan portfolios proposed for sale?

Answer: There have been no defaults on the loans that will be offered for sale. However, it has been necessary to renegotiate the terms of several loans to accommodate a variety of repayment problems.

National Park Service

Historic Preservation Grants

17a. Question: What evidence is there to no longer provide grants for Historic Preservation?

Answer: Over the past 19 years the Federal Government has committed $459 million in grants and an additional several million dollars in technical support to help establish a network of State preservation programs which now function effectively and should be able to continue to do so with other than Federal assistance. The Administration believes it is the proper responsibility of individual States and Federal agencies to define their program interests and responsibilities, to identify their resource needs and to carry out their programs. The variety of State grant-assisted activities--survey and evaluation of resources, nomination of properties to the National Register, technical assistance and advice to Federal and State agencies and local governments, education programs, and establishing local preservation programs--clearly have a purpose and value beyond fulfillment of federally mandated responsibilities. These are ongoing State operational responsibilities spelled out in the National Historic Preservation Act that are of key importance and benefit to the State in the overall Federal-State partnership. It is reasonable to expect that the cost of these State program responsibilities should be borne by the States.

The tax incentives provided for under the Economic Recovery Tax Act of 1981 for preserving commercial properties are sufficient Federal support for historic preservation development work and properly define the financial assistance role of the Federal Government in historic preservation. In 1986, the tax incentives program approved 2,964 projects valued at more than $1.661 billion, at an estimated cost to the U.S. Treasury of about $230 million in tax expenditures.

17b. Question: What is the State and local response to the proposed ending of these grants?

Answer: The States are opposed to the ending of these grants. The General Accounting Office published a Fact Sheet for the Chairman, Subcommittee on Public Lands, Committee on Interior and Insular Affairs, House of Representatives, entitled: "Result of Questionnaire on State Historic Preservation Activities." (GAO/RCED-86-45FS, published December 1985). Thirty-two States responded to this questionnaire. The

States identified a range of activities which would be reduced or eliminated: section 106 reviews (17 States); surveys (14 States); certifications of local government programs (13 States); Federal tax incentives project assistance to developers (13 States); nominations to the National Register (11 States); comprehensive historic preservation planning (8 States); and technical assistance and information to the general public (5 States).

Land and Minerals Management

18. Question: What is the present Administration position on imposition of an oil import fee?

    Answer: We believe that a stable and predictable price of oil would be beneficial to the national energy outlook. However, we believe an import fee would only benefit a small number of producers and most of these have already been driven out of business. Further, we are concerned about the "excess baggage" (e.g., regional exemptions) Congress might place on such fee legislation. Finally, we are not convinced such a fee will stimulate exploration.

19. Question: What evidence is seen by Interior of a future energy crisis for the United States?

    Answer: Domestic energy production is decreasing at an alarming rate -- we are producing about five percent less than one year ago. Exploration, as measured by active rigs, has fallen from about 4,500 in 1981 to around 800 earlier this year. Consumption has risen by over one million barrels a day during the same time. Further, imports now represent about 40 percent of our total supply, up from about 27 percent one year ago. This dramatic rise in imports, coming mostly from OPEC nations, once again places the U.S. at the mercy of this cartel.

Questions Submitted by Senator Pete V. Domenici

Minerals Management Service

20. Question: The energy security of this country is dependent on the U.S.'s ability to produce oil. Last year brought a reduction in domestic production, an increase in demand for oil, and a large increase in our reliance on oil imports. Congressional moratoria have limited development of the U.S. Outer Continental Shelf, the single largest contributor to the $6 billion the Department of the Interior generates annually. More specifically, the Alaska Lands Act prohibits the development of the Artic National Wildlife Refuge (ANWR) until Congress authorizes this leasing.

What are your estimates of the loss in oil production and receipts to the Federal Government from Congressional moratoria in the California Outer Continental Shelf.

Answer: The Minerals Management Service has prepared the following estimates for the undiscovered economically recoverable oil and gas resources which may exist in areas off the coast of California subject to the previous congressional moratoria.

	Conditional Oil-BBO 1/			Conditional GAS-TCF			MPhc 2/	Risked Mean Oil	Risked Mean Gas	Risked BOE
Planning Area	95% Case	5% Case	Mean Case	95% Case	5% Case	Mean Case		(BBO)	(TCF)	(BBOE)
S. California	0.31	0.89	0.57	0.29	0.76	0.51	1.00	0.57	0.51	0.60
C. California	0.18	1.01	0.56	0.29	1.38	0.79	0.65	0.36	0.51	0.46
N. California	0.15	0.76	0.42	1.17	2.48	1.86	0.60	0.25	1.12	0.45

BBO: Billion Barrels of Oil
TCF: Trillion Cubic Feet
BOE: Barrells of Oil Equivalent

This table shows, for example, that there is a 5 percent chance of finding 89 million barrels of undiscovered economically recoverable oil in the S. California planning area.

1/Due to the inherent uncertainties which exist in estimating undiscovered resources, a range of estimates has been used. To represent the low end of the range, an estimate is given for which there is a 95% probability of that amount or more occurring. The high estimate reflects a 5% probability of that amount or more occurring. The conditional mean estimate is the average amount one would expect to find if at least one of the prospects in the area contained economically recoverable accumulations of hydrocarbons.

Risked estimates incorporate an assessment of the probability that there exists as least one commercial accumulation of hydrocarbons in the area being assessed.

2/MPhc - Marginal probability: which indicates the likelihood (expressed as a decimal between 0 and 1.0 that there exists at least one accumulation of hydrocarbons in the area being assessed.

Minerals Management Service

Without accessibility to these resources, no leasing would occur in Northern and Central California, while a major part of the leasing interest in Southern California would be eliminated. The following estimates reflect the loss in Federal receipts from the Outer Continental Shelf sales scheduled to be held during the period FY 1987 through FY 1992.

Lost Federal Receipts
(Millions in 1986 Dollars)

Sale No.	Location	FY	Bonuses	Undiscounted Royalties and Taxes
91	N. California	1989	$30-140	$150-480
95	S. California	1989	$25-135	$150-420
119	C. California	1990	$50-140	$150-750
128	N. California	1992	$15-100	$100-340
138	S. California	1992	$30-120	$150-420

Fish and Wildlife Service

21. Question: What are your estimates of the resource potential of ANWR?

Answer: As indicated in the draft Arctic Refuge Resource Assessment (November 1986), there is a 19% probability that an economically recoverable oil accumulation is present on the ANWR coastal plain. If oil is present, recoverable resource estimates include a 95% percent chance of more than 0.6 billion barrels of oil (BBO) and a 5% chance of more than 9.2 BBO. The average of all estimates produces a mean estimate of 3.2 BBO. (Natural gas is not considered economical to produce from the coastal plain for the foreseeable future.)

22. Question: When could ANWR be brought into production?

Answer: If the Congress decides to open ANWR to oil and gas leasing within the next few years, production could start by about the year 2000.

23. Question: What level of receipts would ANWR generate to the federal government?

Answer: The amount of receipts to the federal government from ANWR depends on several factors--e.g., the amount of oil actually produced, and the formula used for federal revenue sharing. The draft assessment predicts that $38.9 billion (undiscounted 1984 dollars) in federal revenue could be generated, if the entire ANWR coastal plain was developed under federal leases and the mean recoverable resource was 3.2 BBO. This includes royalties, lease rental payments and corporate income taxes. It does not include transfer payments from the government nor federal revenue sharing to the State of Alaska.

In the 99th Congress, I chaired a field hearing in Albuquerque, New Mexico on the management of archeological resources on federal land. This has been an area of growing concern in recent years as the price of archeological treasures has skyrocketed. A number of individuals are digging up ancient Indian pottery and artifacts on federal land and selling them to collectors.

The federal government's ability to halt this destructive practice has been hampered by a lack of federal funds for enforcement of the Archeological Resources Protection Act (ARPA). A large number of witnesses at the field hearing cited the need for increased funding for archeological protection.

National Park Service

Cultural Resources Management

24. Question: The FY 88 Budget for the National Park Service requests $47.1 million for cultural resources management. How much of this money is to be allocated for enforcement of ARPA?

Answer: The 1988 budget request of $47.1 million for cultural resources management does not include specific amounts of money to be allocated for enforcement of the Archaeological Resources Protection Act of 1979 (ARPA). The monies will be distributed to Regional Offices and park units to be used to support a variety of standard cultural resources management operations, including general cultural resources protection, preservation, maintenance, studies, and monitoring. Although activities are supported that could result in the identification of incidents affecting cultural resources, funds for enforcing laws and regulations on National Park Service lands are shown in the budget under the Visitor Protection and Safety subactivity. However, the Service does not identify specific funds for the enforcement of ARPA within this budget category. Within its overall program of law enforcement the Service is taking steps to ensure that NPS law enforcement personnel are thoroughly familiar with ARPA provisions and diligent in their enforcement.

Bureau of Land Management

25. Question: The FY 88 Bureau of Land Management requests $5.5 million for cultural resource management. How much of this money is to be allocated for enforcement of ARPA?

Answer: Approximately $1.6 million of the proposed 1988 Budget for the cultural resources management program is allocated for ARPA protection. This is in response to the continuing problem of unauthorized, illegal excavation and removal of cultural resources from the public lands. This vandalism has been an area of much concern and one that has received a lot of media attention and congressional scrutiny.

National Park Service

26. Question: How many incidents against archeological resources on National Park Service land were reported in 1986? (Please provide the Committee with a breakdown of all such incidents.)

Answer: The National Park Service has not yet collected information on the number of incidents against archeological resources that occurred on National Park Service managed lands during 1986. This information will be collected during the spring or summer of 1987 in a response to a call from the Departmental Consulting Archeologist (DCA), Department of the Interior, for data for the annual report to Congress on the Federal archeology program. Data was collected during 1986 for the 1985 fiscal year. Based on the 1985 data to the DCA, the National Park Service reported 31 cases of ARPA-related archeological resources vandalism in response to the question "Documented violations of ARPA; Number of cases of documented vandalism?" The breakdown of the responses is as follows:

Region	Number of Cases
Alaska	3
Mid-Atlantic	20
Midwest	1
North Atlantic	2
Southwest	2
Western	3
Total	31

27. Question: How many ARPA prosecutions have there been in the National Park Service since 1979? How many have been successful?

Answer: Since the National Park Service began to collect preliminary data during 1985, there have been four ARPA prosecutions, all successful. Data are not yet available for 1986.

28. Question: How much money has been collected from penalties and fines under ARPA as a result of National Park Service prosecutions and how many rewards have been issued?

Answer: In response to the DCA question: "How much was collected in fines?," an amount of $6,160 was reported as collected during 1985. In response to the DCA question: "What was the monetary value of other personal property seized and retained by the government?," approximately $1,400 in personal property was seized during 1985. No money was spent for rewards. Data are not yet available for 1986.

Bureau of Land Management

29. Question: How many incidents against archeological resources on Bureau of Land Management land were reported in 1986? (Please provide the Committee with a breakdown of all such incidents.)

Answer: Statistics for 1986 are not yet available. In 1985, there were 100 documented ARPA violations involving vandalism to archeological resources.

Bureau of Land Management

30. Question: How many ARPA prosecutions have there been in the Bureau of Land Management since 1979? How many have been successful?

Answer: Complete data for 1979 through 1986 are not yet available; however, 5 ARPA prosecutions are known to have occurred from November to December 1986. Historical data on ARPA prosecutions since 1979 have been requested from field offices.

From 1979 through 1986, BLM successfully prosecuted 17 criminal convictions under ARPA. Sixteen of these were misdemeanor convictions, and one was a felony conviction.

Bureau of Land Management

31. Question: How much money has been collected from penalties and fines under ARPA as a result of Bureau of Land Management prosecutions and how many rewards have been issued?

Answer: As a result of BLM prosecutions under ARPA, $3,336 was collected from fines; and property valued at $3,200 was seized in 1985. Also in 1985, $14,000 was paid in restitution by persons convicted under ARPA. Historical data concerning penalties and fines collected prior to 1985 are not available. BLM has not yet issued any ARPA-related rewards.

Questions Submitted by Senator Daniel J. Evans

Bureau of Reclamation

32. Question: Importance of penalty provisions in contracts:
The Department indicates that the restructuring of the Reclamation program is designed to complete those projects substantially underway. While CAP and CUP are the major beneficiaries of such a policy, it appears that this restructuring reduced a number of smaller projects in an inconsistent and haphazard manner.

a) Why shouldn't I conclude that the best strategy to pursue in obtaining a federal commitment is to include a penalty provision in the contract?

Answer: The Plan 6 Agreement on CAP provides for cost sharing from the non-Federal entities. It contains a provision that the benefits to the Federal government will be reduced if certain conditions are not met. Even if that happens the benefits to the government still exceed those benefits available without any agreement. It is the policy of this Administration that cost sharing agreements are not to contain penalty provisions against the Federal government for failure to complete construction according to any specified schedule.

Question: b) Assuming for the moment your justification that the restructuring is not an attempt to terminate the deferred projects, why should any project sponsor assume that the budget climate will be better next year, or the following year when you get to their specific projects (the Yakima enhancement question)?

Answer: The new approach adopted for the General Investigation and Construction Programs does not abandon any projects or studies. Our preliminary analysis indicates funds will commence to be available by FY 1989 within our projected funding levels that exceed the funding requirements for those projects substantially underway and receiving continued funding. Furthermore by 1992, funds will commence to be available in excess of current projected needs for optimum construction scheduling of all presently scheduled projects and features. This means, that the Bureau will have then accomplished the new policy objective and will be positioned to seek new starts on worthwhile projects. As for the planning activity, which is labor intensive, we propose, after reorganizing this activity, to retain approximately 200 people for planning activities on worthwhile planning studies. The FY 1988 budget request for the Bureau of Reclamation is within the deficit reduction goals as are the outyear funding levels available for future budget development.

Bureau of Reclamation

Question: c) In delaying these other projects, what additional costs do you anticipate due to inflation and other elements, and what will be the loss in revenues due to the delay in the date when the project beneficiaries begin to repay?

Answer: Delays in project completion have historically resulted in added costs. Those costs are generally associated with increased and extended project non-contract costs and overhead combined with the effect of inflation.

If delays include termination of contracts, other cost increases would include termination penalties, shut down and remobilization costs and interim security measures. It should be noted however, that the President's budget does not propose any terminations of existing contracts.

It is also recognized that the nation incurs a cost from project delays that is associated with both a loss of project benefits as well as a delay in reimbursable payment flows to the Treasury.

There is no expectation of additional costs resulting from the proposed re-order of construction priorities. On the contrary considerable savings are expected. By limiting the number of projects receiving construction allocations, the new policy maximizes the dollars devoted to contract construction, and constrains allocable project and regional overhead with respect to both number of years and percent of budgeted resources. The proposal also completes projects earlier thereby accelerating all important project benefits and repayment to the Treasury.

Bureau of Reclamation

32d. Question: Only 3 months ago, partially at the Administration's request, we reauthorized the Small Reclamation Loan Projgram and yet you have cut the request to eliminate any new loans. Don't you find that policy is somewhat inconsistent?

Answer: The Administration supports the Small Reclamation Loan Program and has requested funding sufficient to maintain all eleven ongoing loans on schedule. The FY 1988 Budget reflects the Administration's priorities of concentrating on the completion of projects substantially underway and to which a significant financial commitment has already been made, while conforming to the 1991 target of budget deficit reduction in the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act. Accordingly, no funding was included in the budget request for new projects in the Loan Program.

Reauthorization of the Small Reclamation Loan Program provides additional ceiling for funding future new loans over an extended time frame.

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